

THE
ECONOMIC JOURNAL

THE JOURNAL OF
The Royal Economic Society

EDITED BY
F. Y. EDGEWORTH

VOLUME XIX

London
MACMILLAN AND CO., LIMITED
NEW YORK: THE MACMILLAN COMPANY
1909

RICHARD CLAY AND SONS, LIMITED,
BREAD STREET HILL, E.C., AND
BUNGAY, SUFFOLK.

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THE ECONOMIC JOURNAL

MARCH, 1909

PROPOSALS FOR AN ECONOMIC SURVEY OF THE UNITED KINGDOM.¹

IN laying before the Economic Section of the British Association some suggestions for an economic survey of the United Kingdom, my object is not merely the ascertainment of information of general interest. I have a secondary purpose—to persuade the economic profession to enter upon a new sphere of activity, and so free itself from that disregard which, with a large section of the British public, has attended its absorption in academic studies.

I have a high ideal of what the position of economists might be. They claim to be in possession of the laws which underlie industrial phenomena, they lay down those broad principles which are, so to speak, the categories to which economic action must accommodate itself. They should, therefore, be in the position of the philosophers who were to govern Plato's ideal state. But are they in that position? It is true that politicians no longer jeer at "professors in politics"; it is true, thanks to the commercial universities, that business men admit that there may be some utility in economics. But it can scarcely be said that either statesmen or manufacturers habitually appeal to us for guidance. Yet economists should be at least masters of the strategy of State and industrial action—the tactics can be left to the subordinate commanders.

To take only one part of my ideal, there should be intimate relations between the economic profession and the State departments. There should be free and frequent transference of individuals between the professorial and the official ranks. Every Government department should have attached to it one or more

¹ Read before the Economic Section of the British Association, September, 1908.

officers whose business it would be to study the economic questions concerning that department and prepare in scientific form the policy of the future, to be elaborated into practical shape by the administrative staff. The mere collection of information is not enough; it is the analysis of the facts collected and the bringing them into relation with wider economic generalisations that are required—functions which can be less effectively performed by officials who are necessarily absorbed in dealing with the problems of the day. Then, equipped with his theoretic studies, and strengthened by having these studies tested by contact with facts which have to be mastered, the professor-official would, after a term of office, leave his desk for the lecturer's platform, and return to his teaching a far more efficient educator.

If this is a true ideal, why is it not in the way of being realised? The reason, it seems to me, is that we are regarded, not only as theorists, but as theorists whose theories are based on a state of things which has largely passed away. We are believed to be still thinking as if we lived in the days of Adam Smith or Ricardo.

It is not necessary to discuss the justice of these allegations. True or false, the effect is the same. The politics of to-day are economists' politics—Socialism, Tariff Reform, Old Age Pensions, Wage Boards, Railway Nationalisation, the Eight Hours' Day—and not only have we nothing decisive to say, but nobody asks us to say anything. We are looked upon as "mere theorists," and if we express an opinion, the common man is apt to call out to us mockingly to "come down off that cloud." And, indeed, we shall not recover our strength until we touch earth again.

I venture to suggest that we have devoted ourselves too long to the pure science of economics. It would be impertinent in me to attempt to add a word of praise to those names which will ever be an honour to British thought. Yet it is difficult for me to imagine that close analysis or careful deduction will carry us beyond the stage reached by Mr. Marshall. The work of the pure theorist seems to me to be done. Nor do the historians really bring us much nearer to satisfying the requirements of the "practical" man. They have given us a fairly complete account of industrial development up to the victory of the factory system, but it is a far cry from 1808 to 1908. We are in a new world whose features we do not fully know, and while history tells us how that world began to come into

being it does not tell us much more about it. We have now to advance from the pure science to the applied science of economics; we have to show how our generalisations embrace everyday facts; we have to demonstrate how our principles can be applied to the problems which at every hour confront the statesman and the manufacturer. To fulfil these purposes we require a far wider apparatus of knowledge than we at present possess.

A reference to my own personal experience may be forgiven me. In my student days I read quite the average amount of orthodox economics, and went to school with some of the heretics as well. Then, in the course of time, I applied myself to the investigation of a small corner of the industrial field which appeared to me to present some features of interest, and having completed my investigation as well as my powers would permit, I took my facts and tried to fit them into the principles I had studied. It was hopeless. The facts were there—I was sure of them anyhow; the theories were true—at least, I could find no logical fault in them; but facts and theories were remote from one another. Two things were certain: I had not at my command a complete account of the economic universe, or even of Great Britain—there was no such account available—and so I could not get nearer to the theories by adding my little armful of facts to that pile. It was equally plain that the theorists had never tried to get down to my level; their generalisations might be true, but they were too general; they appeared to deal with a frictionless world while I was concerned with problems involving friction and all sorts of troublesome things which did not come into the theory. If this were an isolated experience it would not be worth mentioning, but it is unfortunately very general.

The moral of this complaint is that our immediate duty as a profession is not that we should abandon theory, but that we should put it on one side for a little and devote ourselves to ascertaining what are the economic facts of the world around us. Then when we have got our collection of facts arranged and analysed we can test our theories by them, approve them, or correct them and complete them. Professor Chapman and Professor Clapham have already shown the way with their books on the cotton and wool industries; but, to speak extravagantly; I want the profession to dedicate itself solemnly to this task. Biology did not advance so long as it discussed vital principles; the facts of anatomy had to be acquired first. After all, this is no disrespect to theory, but rather a strict adherence

to Baconian methods, and anyhow economic theory should come at the end, and not at the beginning, of commercial studies. I felt, I admit, some hesitation in making this suggestion, but my hesitation disappeared on reading in our President's opening address that his twenty-year-old appeal to the economists of this country to study the economics of transport had remained without effect. My proposal, I venture to think, is on the same lines as his appeal.

We have had a geologic survey of the United Kingdom and an ordnance survey; why should we not have an economic survey? Its utility is far-reaching. Professor Ashley has recently pressed upon us the necessity of widening the scope of economics by the introduction of a new branch which he calls Business Economics—"a sustained and systematic treatment of economic questions as they present themselves to men actually engaged in business—a treatment which will frankly take business success as the immediate criterion for the matter in hand; though it will take care to explain again and again that considerations of business expediency no more determine the effect of certain actions on *society at large* than the rules of the art of strategy determine the beneficence of military operations" (ECONOMIC JOURNAL, June, 1908).

The form of public companies; the most effective methods of trade-control; the proper treatment of goodwill; the principles of reserves and depreciation; the chief elements of price-policy; the principles of cost accounts; the treatment of interest; the organisation of sales; the collection of business information; the localisation of industry; the planning of works; the scrapping of plant; methods of remuneration; the premium bonus system; the treatment of labour—these are only a few of the topics with which business economics must deal. Many of them are topics of equal importance for that other new branch of economics—Social Economics—which must treat of the relations of the individual business to the trade and of the trade to the nation. With all, or most of them, we are unable at present to deal effectively, and we will remain unable to deal with them until by a comprehensive survey of our business world we have provided ourselves with the necessary apparatus of facts.

I do not think that we are very fully aware of the customs and traditions that run through many trades, and of the ways in which they modify the consequences which would naturally follow from the unrestrained influence of supply and demand. To take some examples quite casually: in the grain-milling trade

it is quite common for a flour-traveller, in the face of a rising market, to book flour forward to his regular customers at the old price. The contracts are, of course, accepted; and millers do the same, else they would not get their share of the orders, and then, for the purpose of satisfying their customers, they bolster up the price of flour at an absurd nominal rate. The millers gain nothing, and the flour importer snaps up many good open orders below the paper price. For years millers have complained of this foolish system of trade, and have sought to introduce a change by which the price of flour should follow at short intervals the fluctuations in the price of wheat, but their efforts have been fruitless. The whole business seems inexplicable. Well, some months ago I was talking to a big flour-miller, a man who did not speculate in wheat options, but bought cash wheat, ground it, and sold the flour. In the district in which he traded the flour trade was on a sound footing; a pernicious system of giving three months' credit had many years ago been abolished by the simple expedient of offering a handsome discount for payment in ten days (a regulation which had the additional advantage of keeping the small baker solvent); prices were not fixed, but the millers always notified to each other any change in their prices, and, the grades being few and of the same quality, competition was limited to the individual preference of the customer. I asked him whether the system of selling forward which I have described prevailed in his district, and if it met with his approval. He replied that it did prevail to the detriment of the miller. My next question was, "Why don't you alter it?" His reply was, "Well, it's due to our intimate personal relations with our customers. Many of these small bakers have dealt with us all their business lives, and we take an interest in them. We have seen the van-man marry the counter-girl and set up for himself. We have helped them along, given judicious credit, and tided them over bad times. Many of these clients of ours are widows who leave all their business in our hands, and trust us to tell them when to buy flour. Naturally, then, when we see a rise coming we book them a supply at the old rate. What we do for one we must do for all, and what one miller does all must do, and so we get very little advantage from a rise in the nominal price of flour."

Here we have a most curious quasi-feudal organisation of an important industry, which seems to me a very much more interesting subject of study than pseudo-scientific explanations of the alleged ten-year trade cycle as being due to the peculiar

constitution of the human mind, which requires exactly that period to pass along a curve of confidence and depression. We worry about the probable permanence of the phenomenon of interest, but it seems to me infinitely more important to try to ascertain what is exactly the current rate of profit, what are its constituents, and how it is modified by the diverse practices prevailing in relation to goodwill, depreciation, and reserves. Take again the relation between labour and machinery, where there are problems which are not solved by the comfortable textbook references to "the long run," or by the simple trade-union demand that the machine-minder should have the same wage as the hand-worker whom he supersedes. I was discussing once with a manufacturer the policy of adopting certain American mechanical devices which would have enabled him to dispense with some very toilsome forms of manual labour. "Why should I?" he replied. "It is merely a substitution of machinery for labour; it will not reduce my cost, nor increase my output, nor improve the quality of my goods. So long as I can get the same results with the cheap labour which I now employ, why should I change?" Next, take the arrangement which the Bradford Dyers' Association made with their workmen early in 1907, by which, in return for getting a free hand in the introduction of machinery, they undertook to pay to each displaced workman as much as he received from his union in out-of-work pay for that year. We get glimpses, in the former case, of the different views which may be taken by the individual manufacturer and the community, and of some possible effects of a rise in wages; while the latter instance gives a hint of a possible method of dealing with one form of unemployment.

One might multiply such examples indefinitely, but enough has been said to suggest the rich store that is open for research. The field is, indeed, being worked to some extent even now. The Tariff Commission has collected a great deal of information about British trade in relation to foreign competition, the Free Trade Union has supplemented it with a contradictory collection, and Lord Cromer has urged on his followers the necessity of renewed research. But even the excellence of such work only serves to emphasise what I regard as a serious defect—only a single aspect of all trades is taken, no trade is treated completely, first, as whole in itself, and secondly, as a whole in relation to the rest of industry. Turning to another branch of the same great work, Mr. Rowntree has given a most admirable account of the life of certain classes in York, and Lady Bell has performed

the same task no less admirably for the iron-workers of Middlesbrough. But in neither case are we able to form for ourselves any clear picture of how the class described stands to the rest of the town community. The story is not complete. Now my Survey must be complete for each trade, or it will not perform the purposes for which I wish it to be undertaken. It is far better that a single trade should be taken and described and analysed in all its branches and relations than that some feature or relation which is common to many trades should be dealt with. The latter course has its own merits, but I insist that in our present stage of economic and political development it is necessary for us to consider each industry as a working whole which has a separate existence as an industrial entity, and in that capacity has certain relations with the other similar entities occupying the industrial field. The description of each of these entities, of the relations of its parts, and of the relations of the entities to one another constitutes my economic survey. Only in this way can we find out how that industry stands. I do not propose that we should stop talking about trade unions and trusts, but I do suggest that it will be useful for us to discuss for a little while the chemical industry and the ironmongery trade.

It would be presumptuous for me now to lay down hard and fast rules to be applied to the investigation of all trades, but the main features which must be present in a satisfactory scheme will at once suggest themselves to everyone. The description of any trade must include the following sections:—

I. *Sources of Raw Material*, including the method of supply and the organisation of the market. From the emphasis which is laid on the Liverpool cotton market one is sometimes tempted to think that the metal markets and the grain markets do not exist. Yet in every market there are points of interest, and the conditions and methods of purchase are always worth careful study with a special eye to the effects of buying forward and speculation.

II. *Methods of Manufacture*. My own experience in lecturing leads me to lay the greatest importance on this section. The surest way of interesting a class, and, therefore, presumably of interesting a reader, is to describe a typical factory at work, and show exactly how and why it does work, how it is planned, and how the various parts are related to one another. This section should be amply illustrated with photographs, plans, and diagrams—a point on which I want to lay the greatest

possible stress. Even Blue Books are occasionally illustrated now, and it is really in no way derogatory to an economist that he should add both to the interest and the utility of his work in this way.¹ Having shown a factory at work to-day, the next thing is to show how it has come to be what it is, how plant and machinery have been improved, and how processes have developed. The exact amount of technics which should be introduced cannot be precisely defined, but the limit lies in this: that the author should keep before his mind, not the training of a perfect works manager, but the instruction of a student who wishes to acquaint himself (to revert to a former simile) with the strategy of industry rather than with its tactics.

Taking the iron and steel industry, for example, I do not see how a man is qualified to express an opinion on the political problems arising out of the international competition of Britain, Germany, and America unless he knows something of the different processes of making steel and their limitations. He should know why it is not economic to build a blast-furnace more than 80 or 90 feet high, why American furnaces can be harder driven than British; in what ways Cleveland iron can be adapted for steel making; what are the consequences of the indispensability of manganese in steel making; what are the advantages of by-products at coke ovens; and what are the most economic uses of blast-furnace gas. The necessary study of chemistry, metallurgy, and physics will prove, besides, a desirable counterbalance to the purely dialectical training of the economist, who will find a salutary discipline in dealing, say, with a diagram in which the lines and curves mean something definite and cannot be shifted to suit the exigencies of a disputable proposition.

In describing the development of machinery and processes, the cash results should be prominently displayed. Dr. Mannstaedt¹ asserts that in Germany a steel works which has its own blast-furnaces, uses a mixer, converts the fluid iron into steel, uses the blast-furnace gases to drive gas-engines for the plant, and rolls at one heat can reduce its cost of production by 14·87 marks per ton of raw steel. Facts like these are of the utmost importance, and can be found in abundance in all industries. Similarly, emphasis should be laid on the changes in the internal organisation of the works and in the labour of the workpeople produced by developments in manufacture.

III. *Machinery of Sale*.—Here the organisation of the

¹ *Die Konzentration in der Eisenindustrie*. Fischer, Jena, 1906.

markets and the methods of reaching them have to be described; the differences between trading for home and foreign markets should be accounted for; the relations of the manufacturer to the wholesaler, to the retailer, and to the ultimate consumer take manifold forms from which it will often be difficult to discern the governing tendency.

IV. *Organisation of the Industry.*—On the side of production we have to consider the sometimes conflicting, sometimes supplementary, tendencies towards integration and combination; on the side of distribution we must consider attempts to regulate prices which in turn are often ultimately connected with movements for the control of production. Next come the organisations of employers and employed for the regulation of wages and the conditions of employment—a section of the subject already so fully worked up that I do not need to elaborate it here.

V. *Position in the State.*—Lastly comes a general section in which the localisation of the industry and its historic, climatic, or accidental causes are described. The whole of the previous investigation is summed up—the relations of the trade to the community as a whole in matters of taxation, rating, and transport; its relations to the industries which supply it, and to those which it supplies; its relation to the subordinate industries which gather around it; the position its workpeople occupy with regard to the rest of the nation; the influence which its methods of organisation have on the industrial world—these and many similar questions fall for discussion here.

After this hasty and imperfect sketch the next question which arises concerns the sources of information. These, if scattered, are really numerous. For the technical part of the work there are a number of treatises readily accessible, in the pages of which, moreover, hints as to trade organisations may often be discovered. Then there are technical journals and journals of scientific societies which not only discuss subjects of technical interest, but frequently contain descriptions of branches of the industry and illustrated accounts of notable works with details of their equipment. The trade papers are of not less importance, for they not only contain information of the nature just described, but also record from week to week the market conditions of the industry. Investigation of their columns is apt to be somewhat toilsome, but it is indispensable if any attempt is to be made to trace trade movements. Frequently, also, these must be compared with the movements in other industries in order to ascertain whether they are in any way connected. Thus,

for example, it has been suggested to me that a shortage in the world's wheat supplies may lead to an increase in our pig-iron exports, since pig-iron satisfies a universal demand and meets with a ready sale, so that it is naturally one of the chief objects of exchange with which we go into the world's markets to purchase our needed supplies. I certainly have found some evidence that this suggestion is well-founded, and the matter is well worth following up. Prospectuses, annual reports of companies, and company meetings often supply a great deal of useful information on the financial side, and in cases where a company is unsuccessful investigation committees often delight the student if they cause pain to the investor. Last among our documentary sources are Government reports, which often are of the greatest value, especially in questions relating to labour. The volumes of evidence given before the Royal Commission on Labour are a mine of chaotic information which has not been nearly worked out, and the reports issued by the Board of Trade are rich in statistics. The evidence lately given before a Select Committee of the House of Commons brings up to date the report issued twenty years ago by the Royal Commission on Sweating. These are well-known examples, but it is worth mentioning that some of the most useful information on the organisation of our foreign trade is to be found in the report of a Departmental Committee which was appointed to consider the best means of disseminating commercial information.¹

When all documentary sources have been exhausted it will probably be found that the gaps in our information have become painfully evident, and the academic person is brought to a standstill. These can only be filled in by personal investigation, by interviewing manufacturers, officials of associations and trade unions, merchants, and, in fact, everyone who may be suspected of possessing any information. This is a task which requires considerable diplomatic talent, and even then the investigator who does not possess good introductions may come away unsatisfied. A possible solution might be to hand over the whole work of the survey to the commercial universities, whose officials may be expected to possess the necessary familiarity with the local industries and enough acquaintances among local manufacturers to ensure their getting at the particulars required. Yet, on the whole, this course is to be deprecated. A commercial university must draw the majority of its students from the trades in its neighbourhood, and a report critical of the methods and equip-

¹ Cd. 8962, 8963 of 1898.

ment of one of the local industries, written by one of the local professors, might conceivably militate seriously against the business success of the university. The co-operation of the commercial universities will be of the utmost importance, but the task should not be left to them alone; it must be undertaken by the economic profession as a whole.

Roughly speaking, my idea of the organisation by which our survey might be carried out is somewhat as follows. It should be in no sense official; its success will in the main depend upon its purely independent character. The Economic Section of the British Association, acting as the corporate representative of the profession—or else the Royal Economic Society—should appoint a Committee to carry out the survey, and this Committee should select the investigators who would do the spade-work. The Committee should not consist solely of economists. It would be an obvious advantage if the co-operation of distinguished manufacturers and merchants were also secured. The first duty of the Committee would be to map out the work to be done, to arrange the trades of the country into groups, and to elaborate the rough sketch which I have made of the objects of inquiry. An essential feature of my scheme is that all reports should be in the same form. This point may appear unimportant, but the suggestion, if adopted, would facilitate the drawing up of special reports on general questions, and would enable comparisons between different industries to be easily made. The Committee would also determine whether the survey was to be undertaken at several points, or whether one industry should be dealt with experimentally. My ambition covers all occupations, commerce as well as industry, agriculture as well as manufacture. I wish every corner of the economic field to be explored from the world-wide trust to the village grocery, but the Committee may well take more modest views, as it will probably be limited in the personal and material resources at its disposal.

When the scope of the survey has been determined, at least in a preliminary way, the next step should be the formation of advisory committees for each of the trade-groups which have been selected for investigation. On these sub-committees the General Committee would, of course, be represented; the principal trade organisations and trade unions should be asked to nominate members; and in suitable cases prominent manufacturers would be asked to join. Each advisory committee would advise the investigators attached to it as to the course they should pursue, and provide them with the necessary facilities

and introductions for carrying out their researches. It would thus, on the one hand, help them to overcome that trade jealousy which often leads a manufacturer to conceal quite harmless information for fear lest some competitor might in some strange way profit by it, and, on the other hand, it could prevent the inadvertent divulging of important trade secrets upon which the investigators had stumbled. After all this the rest depends upon the investigators, who must do their work as Opie mixed his paints. On them, first and last, depends the success of the scheme.

One thing has been omitted—money. I do not know what academic funds may be available for the purposes I have described, still less am I able to guess what might be the result of an appeal for subscriptions. Much money would be needed to carry out my Economic Survey completely, but I have deliberately pitched my ideal high, and I would for the moment be satisfied to see a beginning made with a single trade, so that when the investigation of it was finished we might have a working model by which to gauge the utility of the machinery.

Such, then, is my scheme, and once more I submit it, not only as work useful to the community, but as a task which it is our duty as economists to perform.

H. W. MACROSTY

STATISTICS OF RAILWAY COSTS.¹

To the manufacturer the question of cost statistics is not as a rule one which presents much difficulty. His product can be measured, as it is sold, in tons or gallons; his costs resolve themselves into so much raw material and so much labour—both items which can readily be represented in terms of pounds, shillings, and pence. It is not, therefore, a matter of very special complexity for him to keep himself informed as to the costs involved from time to time in producing his unit of output, and it would certainly not occur to him to question the importance of ascertaining this figure with all the accuracy that is possible, as a means of judging of the efficiency with which the process of manufacture is being carried on.

No doubt there are difficult cases where the products are varied, and the costs of production are shared in varying degrees among the whole number. This is the case with manufacturing firms carrying on a series of mutually auxiliary businesses; yet even here, care is generally taken to isolate the costs proper to each individual manufacturing process, and thereby to judge in detail as to the economy and efficiency of the whole series. A railway is, on the side of costs at least, not materially different from such a manufacturing concern. If we accept the analogy usually drawn between the processes of transport and of manufacture, then it is fair to say that a railway manufactures transportation of several kinds by a variety of mutually auxiliary processes; and the statistical methods applicable to manufacture generally should also be applicable to the manufacture of transportation; but there is this special difficulty about railways, that there is at present no general agreement, either as to the definition of the ultimate products, or as to the units by which they are to be measured.

At the outset there is the radical difference between passenger traffic and freight traffic—each dependent to a large extent on

¹ Read before the Economic Section of the British Association, 1906.

common costs, and yet each requiring special expenditure for its own benefit and special treatment for its economical handling, and both widely different in result. There are the minor differences between goods, mineral, and live stock traffic, the three subsidiary classes of freight traffic—differences which involve very diverse costs of production, and may assume importance in other directions; but, beyond all these, there is the fundamental difficulty that we are not agreed as to whether there is any unit by which the whole of the product can be measured, or what the unit should be even in any single class of traffic.

In freight traffic the ton lifted, the train-mile, and the ton-mile have all been explicitly or implicitly regarded as the unit of product; in passenger traffic the corresponding units—number of passengers carried, passenger train-miles, and passenger-miles.

The selection of the proper unit is a matter of great practical importance, but in a paper such as this it is not possible to deal adequately with this side of the question, and it is to the theoretical side that attention will be directed.

Granted that some agreement can be arrived at as to the proper unit, it does not follow that the practical difficulties, if such there are, of measuring the product by the unit selected are necessarily worth overcoming; that is the practical question, and turns entirely on the use which can be made of the information when obtained. It is around this point that the controversy in regard to railway statistics has principally centred; and the dispute may therefore to a large extent be left aside in the discussion of the more theoretical question—the choice of the scientific unit of product.

Now it may be laid down that the unit selected must measure all the essential features of the product, and that it must measure the product in its final shape as sold to the public, not in any intermediate form which it may assume; by one or other of these tests two out of the three units suggested for the measurement, both of freight traffic and of passenger traffic, will be found wanting. The railways sell transportation; now, however we define transportation, the element of distance is one which cannot be ignored; compared with this, the element of weight is of secondary importance, and may even in certain cases be left out of consideration. It has never been suggested that weight should be taken into account in measuring passenger transporta-

tion, although no doubt weight, equally with cubic capacity, might reasonably form a basis, not only for measuring, but for charging such traffic; in the case of live stock traffic, the basis upon which the charges are made is, strictly speaking, that of cubic capacity rather than weight. Apart from this, however, in the charging powers of the railways the element of distance has in all cases been regarded as of the first importance, and no practical railway man would for a moment suggest that for charging purposes it could possibly be neglected. This element is, however, entirely neglected if we take the tonnage lifted, or the number of passengers carried as the unit, and these suggestions may therefore be left on one side.

Equally, however, the train-mile must be rejected as not being a unit of the kind required. It will be seen later that in dealing with costs, the train-mile is a unit of first-rate importance, but it cannot be regarded satisfactorily as the final unit of product. This is most evident in the case of freight traffic; a trader hands in 100 tons of traffic at Birmingham to be conveyed to London; it is of no importance to him whether one, two, or twenty trains be required for its conveyance, so long as the traffic is delivered in London within a reasonable time; what he buys from the railway is the conveyance of the 100 tons over the distance of 120 miles from Birmingham to London, and the fulfilment of this contract is all that is at issue between them. The intervention of a train for the purpose of the conveyance is, theoretically, no necessary part of its fulfilment. Clearly the article sold is not train-miles in any shape, but simply the carriage of 100 tons for 120 miles, or 12,000 ton-miles.

It is perhaps less evident in the case of passenger traffic that the train-mile cannot be accepted as the unit of product. The trains may be said to be run regardless of the number of passengers using them, and the passenger-mile may therefore appear to be more of an abstraction than the ton-mile, but none the less the transportation bought by any individual member of the public is not the right to have a train run for one mile or for twenty miles, but the right to a seat, or to a strap, in a train running for that distance—it is not train-miles, but, if one may coin the word, seat-miles, and a seat-mile so purchased becomes a passenger-mile.

It is often urged, however, that the unit required in order to test economy of working costs on a railway is not the unit of

service rendered or product sold to the public, but the unit of work done, and, if this distinction means anything, it is certainly of the greatest importance. It is further claimed that the train-mile is the proper unit of work done, and, in support of this, attention is drawn to the superior convenience of the train-mile as a unit in that it is equally applicable to the freight and to the passenger side of railway work.

Leaving the latter point aside for the moment, there is just this to be said for accepting the train-mile as the unit of work done. In a sparsely populated country the number of passenger and of freight trains run is often controlled by the necessities of the public service; this may be said to be the case on some branch lines with their three or four passenger trains, and one "pick-up" goods train per day. In such instances the train-mileage must remain the same whatever the number of tons or passengers requiring to be lifted, and whatever the distance for which they have to be carried, and an important distinction may be drawn between the product sold and the work done. Placed in so unfortunate a position, a railway may well be content to measure the costs incurred per train-mile, and look no further; but it need hardly be said that cases of this kind are rare, and certainly cannot be accepted as typical. Taking English experience as a whole, it is difficult to understand how the claim of the train-mile to be looked upon as the final unit of work done can be seriously pressed with the lessons of the last ten years before us.

Between the years 1897 and 1900 the tonnage of freight traffic conveyed by the railways of England and Wales advanced about 13·8 per cent.; during that period the train mileage increased by 10·9 per cent.; that is to say, roughly speaking, the growth in train-mileage kept pace with the growth in tonnage carried. This circumstance might seem to afford some justification for the claim of the train-mile to be considered a reasonably constant unit of work done; but what has happened since that date? The tonnage has continued to advance, and in the year 1905 reached a figure 23·8 per cent. above the 1897 figure, while the train-mileage has steadily declined, and in the same year was 15·5 per cent. below the corresponding figure in the year 1900, and 7 per cent. below the figure for 1897. Since 1905 the train-mileage has again shown some tendency to fresh growth, but none the less between the years 1900 and 1906 the train-mileage has declined by 12·9 per cent., while the tonnage has increased by 15·0 per cent.

Details are given in the following table :—

	Tons freight lifted. 1	Per cent. on 1897.	Per cent. on 1900.	Train miles run. 1	Per cent. on 1897.	Per cent. on 1900.	Expenditure in £ (except Docks and Steamboats). 1	Per cent. on 1897.	Per cent. on 1900.
1897...	315,876	100	—	138,222	100	—	43,175	100	—
1900...	359,525	113·8	100	153,256	110·9	100	52,999	122·7	100
1905...	388,457	123·0	108·0	129,551	93·7	84·5	57,334	132·8	108·2
1906...	413,321	130·8	115·0	133,103	96·4	86·9	59,436	137·7	112·1

¹ = 000's omitted.

Are we to suppose from these figures that with the steadily increasing tonnage carried, the work done by the railway companies of England and Wales has declined by 13 per cent. since the year 1900? It would certainly be a very serious matter for the railway companies if this were so, for at the same time the total railway expenses have been mounting up from year to year, and in 1906 stand 12 per cent. above the 1900 figure.

It is true those expenses include expenditure on passenger traffic, which has shown an equal development in the past ten years, but there is nothing special in that development which should lead us to attribute the whole of the increase in expenditure to it.

The North-Eastern Railway have published with reference to their goods and mineral traffic some figures which are more detailed, and may be cited here.

	Tonnage. 1	Per cent. on 1902.	Ton mileage. 1	Per cent. on 1902.	Train mileage. 1	Per cent. on 1902.	Expenditure in £ less Steamboat expenses. 1
1902 ...	51,822	100	1,215,507	100	14,933	100	5708
1903 ...	53,300	102·9	1,236,107	101·7	13,379	89·6	5684
1904 ...	53,952	104·1	1,224,295	100·7	12,216	81·8	5680
1905 ...	55,104	106·3	1,251,916	103·0	11,780	78·6	5658
1906 ...	58,043	112·0	1,356,266	111·6	12,338	82·6	5891
1907 ...	61,881	119·4	1,483,905	122·1	12,938	86·6	6274

¹ = 000's omitted.

If we are to take train-mileage as the measure of work done, we are confronted with the fact that the work done on the North-Eastern Railway has shown a steady and even rapid decline during the years 1902 to 1906 in the face of an almost

uniform growth in tonnage carried and in ton-mileage, and of a constant or slowly advancing expenditure. It is, of course, well known that during those years the average weight hauled by freight trains in this country has been increasing, and the following figures from the returns of the North-Eastern Railway are merely illustrations of the general tendency :—

						Ton-miles per train-mile. (Goods and Mineral.)
1902	...	...	...	...	...	81.40
1903	...	...	...	...	...	92.39
1904	...	...	...	...	...	100.22
1905	...	...	...	...	...	106.73
1906	...	...	...	...	...	109.92
1907	...	...	...	...	...	114.70
Increase 1902—1907						= 40.9 per cent.

These figures reveal clearly how great a change has taken place within recent years in the character of the freight train-mile as a unit; we see that it is a variable unit; it is impossible to claim that it represents now the same quantity of work done as it represented six years ago, when the load hauled amounted to scarcely more than two-thirds of the present figure. Practical railway men who realise what the increase in train-load has meant per train-mile in increased coal consumption, in increased supervision, in the provision of larger locomotives and more capacious yards, should be the last to attempt to make the train-mile the final measure of work done.

It is possible, no doubt, to bring an objection of the same kind to bear against the selection of the ton-mile as a unit; it cannot be denied that to carry one hundred ton-miles will represent a different amount of work done according as the figure represents one ton carried one hundred miles, or ten tons carried ten miles—the service involved in the latter case is likely to be a good deal more burdensome than that rendered in the former case. This is largely due to the question of terminal expenses, which need special treatment, and for the measurement of which the ton-mile is probably in some cases not as suitable a unit as the ton; this question is one which will be dealt with more in detail later; at the moment one need only say that these terminal expenses can quite well be isolated where costs of conveyance proper are being considered. However, it is still true that as a question of conveyance alone ten tons carried ten miles each are likely to mean more labour than one ton carried 100 miles, and the objection raised on this head to the acceptance of the ton-mile as a satisfactory unit would carry

weight if, as a matter of fact, there were from one period to another much variation in the average distance for which a ton of freight is carried. All the evidence we have goes to show that this is not the case, and that from year to year the average haul remains at much the same level. The North-Eastern figures may be given as an illustration :—

AVERAGE DISTANCE HAULED.

	Goods traffic.			Mineral traffic.		
	Miles.	Above average : per cent.	Below average : per cent.	Miles.	Above average : per cent.	Below average : per cent.
1902	35.23	0.46	—	19.29	1.21	—
1903	34.80	—	0.77	18.99	—	0.37
1904	34.89	—	0.51	18.32	—	3.88
1905	34.77	—	0.86	18.52	—	2.83
1906	35.12	0.14	—	19.30	1.26	—
1907	35.59	1.48	—	19.92	4.51	—

No similar figures are available as regards passenger traffic, but this is a matter of minor importance; there seems no reason to suppose that, so far as the railway company is concerned, twenty journeys of five miles will involve more work than one journey of 100 miles, and the objection raised on this score, so far as ton-miles is concerned, falls to the ground when applied to passenger-miles.

To sum up the preceding argument, it seems impossible to come to any other conclusion than that for railway work the units, both of product and of work done, must in theory be the ton-mile and the passenger-mile. These units are not perfect, but they are at least not open to the serious criticisms which can be levelled against any other possible selection, and it is not difficult to guard against such fallacies as are likely to arise from too unconditional an acceptance of them. At the same time, however, it follows that we must abandon all hope of combining these two units in any common term. The weight of an intending passenger is immaterial to the price of his ticket, and after he has paid for a ticket he has an equal right to one-tenth of a third-class carriage, whether he weighs five or fifty stone.

As has already been stated, those who advocate the acceptance of the train-mile as the unit of work done are not slow to point out this difficulty, and to claim that no such dilemma

presents itself to those who accept their view. 'In answer to this, it is probably enough to point out that such a matter of practical convenience cannot affect the theoretical argument as to the proper definition of the work done, but apart from this it may safely be said that the similarity between the passenger train-mile and the freight train-mile is mainly one of name. The circumstances which affect passenger and freight train-mileage are so dissimilar that it is doubtful if a single valid argument, practical or theoretical, can be founded on a fusion of the two; it is only necessary to point to the opposite tendencies at work at the present time, which are making for an increase of weight in freight train-miles and a decrease of weight in passenger train-miles, to see how radically dissimilar are the conditions affecting these two different kinds of train-mileage, and the tests by which they must be judged. If, then, the train-mile is to be our unit, we must in every case treat the freight train-mile and the passenger train-mile as disparate units, and we are no better off than if we were dealing simply with ton-miles and passenger-miles.

Assuming, therefore, that we accept the ton-mile as the final unit of product and of work done on the side of freight carriage, and the passenger-mile as the unit applicable to passenger traffic, the next question which arises is how we can apply these units to test the efficiency of the work done in the two branches of manufacture. It is here that we are brought face to face with a fresh difficulty; the costs in each branch of manufacture cannot be isolated—they cannot be separated from many of the costs involved in the manufacture of what may be called the alternative product. We can find no common term for the passenger-mile and the ton-mile, and yet unless this can be done we are unable to state the cost of production generally in terms of any intelligible unit.

This difficulty is generally accepted as being more insurmountable than the facts really justify; and if each item of expense is taken separately it will be found possible to go much further towards an allocation of costs between passenger and freight service than has usually been supposed. In one instance when an experimental allocation was made, it was found on an examination of the detailed information available that 42 per cent. of the total expenses could be allocated direct to passenger, goods, or mineral service, and that a further 44 per cent. lent itself readily to division on natural lines, which would probably be accepted by the majority of expert critics. There remains

14 per cent. only of the total, which would have to be divided, in accordance with some convention more or less arbitrary; for instance, in proportion to gross receipts from passenger and freight traffic as a whole. We are thus able to ascertain with a fair approach to accuracy the cost of working passenger and freight traffic respectively, either in the form of a percentage of gross receipts, or, theoretically at least, as cost per passenger-mile and per ton-mile.

The result obtained may, of course, be disputed on broader grounds than those here considered; if a goods train is delayed waiting for a passenger train to pass, the cost of the delay will, in the ordinary way, fall upon the freight service, although it might be argued that it should strictly be debited to the passenger service; again, hypothetically, if there were no passenger service to consider, the cost of signalling so far as freight service is concerned would perhaps be less than the share of that cost which will fall to it on any reasonable division of existing costs. These objections are valid enough where the purpose is to consider the results of policy over a long period of years, but where the object in view is to follow departmental costs from year to year—the ordinary problem of the railway manager—they may be left on one side.

Cost per ton-mile and cost per passenger-mile are then the two final tests of economy in working, and though there will be many practical difficulties in ascertaining these figures, the difficulty of distinguishing between the costs incurred on account of freight and passenger traffic respectively need not altogether deter us from the inquiry. If little progress has been made in this direction and less labour has been spent in ascertaining these figures than on the more detailed problems of departmental costs, the reason is not far to seek—the figures are too comprehensive under present conditions.

The work of a railway is complex and may be said to consist of a large number of simultaneous or successive processes of manufacture, each of which may be economically or wastefully carried out without regard to the others. Although it is of great importance to know with what measure of economy the work as a whole is being carried out the figure which gives this information will not help us towards an explanation or a remedy, unless we are in a position to judge of the economy with which the more important subordinate processes are carried out.

It is of little use to know that the cost per ton-mile is advancing, unless one can also follow up the increased costs

in detail, and ascertain the precise point where the leakage is occurring.

An increase in cost per ton-mile may be due to any one of a number of causes; for instance, increase in cost of coal or in wages; increase in cost of maintaining rolling stock or permanent way; diminished efficiency in the employment of rolling stock or labour; and until we are in a position to test each of these points adequately in detail it is of little use exercising ourselves as regards the precise method of ascertaining the more general figure.

For this reason the problem of obtaining a figure which should combine the whole of the processes in one test figure has rightly enough been thrown into the background for the time being; the more pressing and immediate problem has been to isolate each of the main subordinate processes and to ascertain with such accuracy as might be possible the cost and the relative efficiency of its performance.

To the railway man the question presents itself as one of the efficiency of the different departments which go to make up the railway as a working organisation; these departments are really three in number. The locomotive department which supplies the rolling-stock; the engineering department, which supplies the permanent way; and the transportation department, which utilises both rolling stock and permanent way. These are the three great spending departments, and in each the expenditure must be tested by the selection of special and appropriate units. Owing to the complexity of the processes, even in each separate department, no single test can be adequate, and the units selected must be varied according to the object in view.

It is not possible to deal with these statistical tests in detail; but it is important to notice that just as the engineering and the locomotive departments supply the establishment and the instruments required by the transportation department, just as these two subsidiary departments furnish, so to speak, the materials which are worked up by the transportation department into the finished article, so the statistics of the two departments should be capable of supplying the groundwork upon which the statistics required for the transportation department can best be constructed.

This relation of the departments is less important in connection with the engineering department than with the locomotive department; in the latter case it is essential to the elaboration of a coherent system of statistics to keep clearly in view the

organic relation subsisting between the work done by this department and the work of transportation proper.

Let us take the question of engineering costs first in order. These may be treated under two headings—costs of construction and costs of maintenance. Costs of construction are with English railways at the present time a matter of secondary importance; excessive or not, the money has, for the most part, been spent. Costs of maintenance are now the more important consideration. The cost of maintenance per mile of track may be regarded as the test of the efficiency of the department over short periods; yet even this can only be accepted with conditions. The cost of maintenance of the same mile of track will vary with the number, with the weight, and with the speed of the trains passing over it; it will vary according as the line is single or double, and in addition there is a certain constant element which bears no relation to any of these conditions. No formula has yet been found to reconcile all these factors and supply a complete criterion, nor is it likely that any will be forthcoming; and yet until this is done there is a gap in our statistical knowledge the importance of which should not be overlooked. In effect, we are on this account unable to relate engineering costs to costs in other departments. The cost of maintenance per train-mile can indeed be ascertained, but supplies little information of value, for the train-mile is composite, and may consist of fast passenger trains or slow freight trains in any proportion; it is also variable, and may represent a much heavier weight in one year than in another; each of these considerations will materially affect the cost of maintenance. Cost of maintenance per ton-mile might be a useful figure on a purely freight line where speeds were approximately constant, but it is impossible to equate ton-miles and passenger miles in such a way as to obtain any information which can be made applicable to lines carrying a mixed passenger and freight traffic.

So far as the engineering department is concerned, we are bound to accept the limitations here referred to, and to make the best of them. The track-mile may be accepted as the unit of product, and we must be content to interpret cost of maintenance per track-mile, with due regard to any changes in number, speed, or weight of trains, or in the duplication of tracks which may have occurred during the periods compared. Further, it is difficult to bring this figure into any intimate or coherent relation with cost statistics in other departments.

Owing to the comparative constancy of engineering department costs this difficulty is perhaps of less moment than might have been anticipated.

The problem of locomotive department costs has a wider importance. This department supplies the instruments used for the haulage of traffic, and the product of the department, as an independent manufacturing concern, is the raw material of the transportation department. The department itself, as generally constituted on British railways, must be divided into at least two sections—which may be called the manufacturing and the running sections—the first concerned simply with the manufacture of locomotives, carriage stock and wagons, and with heavy repairs; the second with the maintenance of the locomotives and stock in daily use, and with the daily working of the locomotives. In the first section of the department the problem of costs differs in no way from the problem as it presents itself in ordinary manufacture; in the running section the problem is more complex. The first question which presents itself is this: "What is the Unit of Product?" It is no longer simply the locomotive, or the wagon, as in the case of the manufacturing section; the costs to be measured are continuous costs—the wages of the crew, the tonnage of coal consumed, &c.; and these costs mount up so long as the engine remains in use, and only cease when the engine returns to the shed. Strictly speaking, there are costs which continue even when the engine is in the shed—wages of shed staff, small repairs, interest on capital construction of locomotive and shed; but these costs can be averaged out over the working hours of the locomotive, and do not materially affect the general statement. It follows that, in fixing the unit of product for the locomotive department, running section, the element of time must be brought into the reckoning.

The locomotives may be regarded as hired out by the working day or by the hour for use by the transportation department; the working day is of variable length, and is therefore unsuitable as the time unit; but this objection does not apply to the hour, and we thus get the compound unit, which is known as the "engine-hour"; this includes all the time for which the locomotive is engaged in transportation work of any description.

As a final unit for testing the costs of the running section, the engine-hour has, of course, obvious defects—resting on the variable character of the first factor. It makes no allowance for the probable variations in the powers of the engines supplied, and this will make an important difference—the more powerful

the engine the greater being the cost of working, in coal, oil, and stores; possibly one should substitute for the engine, as a factor in the unit, some special factor based on the tractive force of the engine supplied, and some such course as this may come to be adopted; at present, however, it would probably be regarded as an unnecessary refinement, too artificial to be of practical service, and we are therefore left with the engine-hour as our unit of product, and the cost per engine-hour as the test of the efficiency of the work done.

There is no need to dwell on the qualifications under which this test must be accepted; the considerations already alluded to sufficiently indicate how far such a practical test is from being perfect. It is worth noticing, however, before we leave this branch of the subject, that there is no difficulty in distinguishing passenger engine-hours from freight engine-hours, and in dividing the latter between the goods and mineral sections of the freight business; and further, although there are certain costs in the locomotive running department which are common to all classes of locomotives supplied, yet, on the whole, there is no great difficulty in separating the costs in a similar manner. This is an important feature in considering the relation of the locomotive running department costs to the costs in the transportation department.

Transportation department costs present an even more complicated problem than the foregoing. To pursue the analogy with a manufacturing industry, the processes carried on in this department may be regarded as covering the final stages in the production of the article manufactured, the processes in the engineering and locomotive departments being regarded as preparatory only. But at the same time the number of parallel and subsidiary processes which have to be carried on at one time in this department alone make the isolation of costs and the selection of units a particularly difficult matter.

At the very outset we have the radical difference between the processes of manufacturing passenger-miles and ton-miles, and the minor difference between goods ton-miles and mineral ton-miles; secondly, striking, so to speak at right angles to this cleavage, we have the distinction between station-costs and train-costs, to which may be added the third element of yard-costs.

Evidently in dealing with such a problem as this it is hopeless to expect scientific exactitude; we can do no more than isolate each process to the best of our ability, and select units, whether

of cost or of product, suitable to the work done and to the methods by which it is accomplished. Let us select, for instance, the individual question of goods station costs; the article 'manufactured here may be taken as the "ton loaded or unloaded"; the assistance rendered by the 'engineering' or locomotive departments may be left out of account, the costs are wages-costs only, and the test of efficiency is the cost per "ton loaded or unloaded."

Such a test disregards numbers of considerations which have an important bearing on the result—the class of traffic dealt with, the proportion of tranship traffic, the distinction between the loading and unloading processes; but it is probably best to be content with simplicity in the first instance, and 'make the allowances afterwards; certainly any other course involves the investigator in all sorts of arbitrary and artificial conventions, and produces far more questionable results.

In this way station costs may be isolated and dealt with as a separate problem, for the question of passenger station costs lends itself, although in a less degree, to settlement on somewhat similar lines. Yard-costs, also, may be isolated in the same fashion, the cost being stated in terms of the wagons handled; but we are still left with the more difficult problem of train-costs. To this problem a good deal of attention has recently been devoted on English railways, but it cannot be said that so far any uniformity of practice has been attained.

There are certain costs in train-working which may be regarded as fixed, and considered only over relatively long periods—such is, for instance, the cost of signalmen's wages. In comparisons of one month's working with another these elements may be disregarded. There are other costs which vary from day to day, and which must be the subject of repeated and continuous observation if economy is to be maintained—such are the costs directly dependent on the use of locomotive power. We have seen that the product of the work done in the running section of the locomotive department is the engine-hour; this becomes in turn the unit of cost in the transportation department, so far as train-running is concerned. Efficiency in this direction consists, for freight traffic, in accomplishing the maximum quantity of ton-mileage for a given quantum of engine-hours, or perhaps it would be more accurate to say—in accomplishing a given total of ton-mileage for the minimum number of engine-hours. Other costs, such as the wages of guards and train-staff, vary directly with the engine-hour, which may thus be regarded as the unit for all train-costs;

and the test of efficiency in freight train working becomes the figure ton-miles per freight engine-hour; theoretically a similar test might be applied to passenger train working, but for practical reasons, which will be explained later, it is probably best in this case to content ourselves with the more easily ascertainable figure; "passenger-train-miles per passenger-engine-hour."

The test named has for some years been used on the North-Eastern Railway with reference to freight-working, and has been found of great value; the figures, which are ascertained month by month, are here given in the form of annual averages.

	Ton-miles per engine-hour.		
	Goods.	Mineral.	Total freight.
1902	179	398	269
1903	196	413	287
1904	210	425	300
1905	219	447	317
1906	220	459	323
1907	223	455	324

Assuming the unit of cost, the engine-hour, to remain of the same value throughout, then the increase in ton-miles per engine-hour points unmistakably to an increased efficiency in working. The operations, however, which are thus to be tested are complex, and it is important that we should be able to split the various processes up and isolate them in such a way that efficiency in one factor may not mask inefficiency in some other factor.

The operation of conveying tonnage from point to point, which is dealt with above as if it were a single process, is in fact made up of a number of mutually subsidiary operations, each of which presents in turn features analogous with the processes of manufacture—these are the operations of train-running, of train-loading, and of wagon-loading. The engine-hour, which in the case of the locomotive department costs was regarded as the unit of product, becomes the unit of cost in dealing with train-running, the unit of product being the train-mile: In the second operation, that of train-loading, the train-mile becomes the unit of cost, and the wagon-mile the product; in the third operation the wagon-mile in turn measures the cost and the ton-mile the product. With this the operation

is complete. The processes are here given in logical rather than in chronological order.

In each of these processes the test of efficiency is sufficiently indicated; so far as theory at least is concerned, these tests are:—

- (1) Train-miles per engine-hour;
- (2) Wagon-miles per train-mile;
- (3) Ton-miles per wagon-mile.

These figures have been ascertained for some years past on the North-Eastern Railway, and the following particulars may be given:—

	Train-miles per engine hour. (Train running.)*		Wagon-miles per train-mile. (Train loading.)		Ton-miles per wagon-mile. (Wagon loading.)	
	Goods.	Mineral.	Goods.	Mineral.	Goods.	Mineral.
1902... ..	3·077	3·619	—	—	—	—
1903... ..	2·964	3·294	29·5	28·2	3·231	8·340
1904... ..	2·855	3·181	31·5	28·7	3·377	8·722
1905... ..	2·784	3·214	33·3	29·4	3·402	9·014
1906... ..	2·752	3·191	33·5	30·2	3·415	9·123
1907... ..	2·677	3·023	33·8	30·7	3·541	9·313

* Includes light assisting and shunting engines.

It will be seen from the above that while the increase of ton-miles per engine-hour has been fairly steady from the year 1902 onwards, the improvement in what one may call the constituent elements has been by no means so uniform. In fact, the general improvement may be said to have been attained to some extent at the expense of the train-running (train-miles per engine-hour).

As can readily be seen, the manipulation of the figures from which the above averages are obtained can be made to give interesting results along other lines; for instance, it is easy to combine the last two columns and give ton-miles per train-mile, or "train-load in tons"; this combines the information as to train-loadings stated in wagons and wagon-loading, and the results have been given in an earlier part of this article.

It may further be said that from the practical point of view the combination of the first two columns—giving wagon-miles per engine-hour—has quite a special importance, due to certain practical difficulties in connection with the ascertainment of ton-mileage under English conditions. These figures cannot at

present be compiled in such a way as will enable us to apportion the total between the individual centres responsible for the working. English freight train working is too intricate to permit of such an allocation; and tests based on the ton-mile are, therefore, at present applicable only to a whole system. On the other hand, it is possible to ascertain for each section, and for each engine-centre, the number of "loaded" and "empty" wagon-miles worked by the engines stabled there, as well as the number of wagon-miles per engine-hour; and this figure has, in consequence, a special value for the purpose of detailed investigation and supervision. This point need not, however, be carried further here.

Finally, the combination of all three columns gives us "top-miles per engine-hour"—the most comprehensive test of the efficiency of the transportation department in respect of the conveyance of traffic.

As regards passenger working there is no theoretical difficulty in the way of the preparation of similar statistics, but in fact nothing systematic of the kind has actually been undertaken in Great Britain; the practical difficulties, on the one hand, are very serious, while on the other the information obtained is likely to be of less value. The passenger service is at the same time more rigid and more speculative than the goods train service; fixity rather than elasticity is the cardinal virtue; and detailed practical considerations play a much larger part in controlling the service than is the case in freight working.

It should be added that particulars of passenger train-miles per passenger engine-hour are already compiled in many cases; the following figures relate to the North-Eastern Railway:—

Year.	Passenger train- miles per engine-hour; this includes "light" and shunting engines.
1902	8-506
1903	8-503
1904	9-104
1905	9-370
1906	9-584
1907	9-660

These particulars are comparatively easy of ascertainment, and throw a very clear light on the economy exercised in the employment of locomotive stock—the decisive factor being not so much the average speed of the train-service offered to the public—this may be regarded as approximately constant from

year to year—as the time wasted at terminal points between the conclusion of one trip and the beginning of another.

There would be little difficulty involved in going one step further and ascertaining “carriage-miles per passenger, train-miles,” as is actually done on Indian railways, but the information has little value, unless one can go further and ascertain the load carried in passenger-miles. There is nothing gained in carrying additional carriages per train if the number of passengers remains the same; the essential fact with a passenger carriage is not so much whether it is “loaded” or “empty,” as the degree to which it is loaded; but it is precisely this information which in any accurate or satisfactory way is beyond ascertainment. No insurmountable difficulty arises with the ordinary tickets issued; but an increasingly large proportion of modern travelling is done on contract tickets, the principle of which is a lump sum payment for unlimited travel over defined routes; such tickets can only be given an arbitrary value in terms of passenger-mileage, and they give to the results ultimately obtained an artificial character which seriously impairs their value. For ordinary purposes, the railway manager is thrown back upon rule of thumb—the periodical ascertainment of the number of passengers actually observed as travelling in individual trains at given points. Nevertheless, it may be doubted whether as a guide on broad questions of policy some form of statistics of the character suggested in the case of freight traffic would not be found useful.

Looking at the field of railway cost statistics as a whole, one must admit that no system of statistics can be perfect—no system can completely cover the immense variety of operations involved; and yet the problem of evolving a satisfactory system of some sort is mainly a matter of detail, of analysing individual operations, selecting for each the appropriate units of work done and of cost incurred, and subsequently of combining, as far as possible, the scattered elements in the order of their contribution to the final result—transportation. Where the statistical results at best can be merely indications of the actual results, practical men differ, and will differ to the end of time, as to the point to which the statistics may profitably be carried. The decision will rest partly upon considerations of cost, and partly upon considerations of the time taken to obtain the particulars required—the delay necessarily intervening between the occurrence of the events and the completion of the record; and slight differences in circumstances may well produce important diver-

gences in the decision ultimately taken. The present article does not attempt to deal with practical considerations of this kind, but rather to indicate on the theoretical side on what lines a more or less complete scientific system of railway cost statistics might be constructed; the considerations adduced can only claim to be practical thus far—that such a system of statistics has been assumed to find its object rather in promoting efficiency of management than in merely providing information of general interest to the theoretical economist.

On this side the point which may well be emphasised is the need of coherency in any system of statistics, if we are not to be the dupes of our own figures. It is useless to build upon cost per train-mile if the train-load is meanwhile diminishing; it is useless to put faith in train-load if the train-miles per engine-hour are falling; it is useless even to trust to ton-miles per engine-hour, and pay no consideration to cost per engine-hour. We may very well be spending on the working of more powerful engines all that we are saving by the reduction of train-miles.

It is essential that we should have some means of weighing each of these various factors against the others, so as to be able to draw from their unceasing fluctuations sound conclusions with regard to the efficiency of the work as a whole.

Our system of statistics must be coherent; it must, if possible, carry us through from start to finish; yet on the other hand it must give us the power to stop at any stage of the progress and pronounce upon its efficiency as an isolated operation.

The writer has endeavoured to show that in spite of many qualifications such a system is not substantially impossible of attainment.

R. L. WEDGWOOD

THE PRESENT STATE OF THE LAND SYSTEM IN FRANCE.

WHEN Cliffe Leslie, some thirty years ago, contributed to the Cobden volume on *Systems of Land Tenure in Various Countries*,¹ his valuable essay on the land system in France, his description of the rural property and of the various advantages of the subdivision of the French soil, though fairly accurate, was somewhat too optimistic to be completely true. In reading such a thesis, one was too easily persuaded that the French soil, delivered from all feudal encumbrances--divided by the new law of partition, between all the children of the preceding proprietor, without any legal obstacles, such as the English ones of primogeniture and entail, and free to be purchased at any time by those who can make the best of it--had truly become a national property, a cause of national pride and of national strength, enabling the better class of cultivators and peasants to own the land and continually augment its produce, without losing any waste or pleasure grounds, as is the case in so many other countries.

A pessimist—and there is no lack of pessimists in France—would smile at this enthusiasm. He would point out that there has been since 1870 a great fall of prices in the value of rural property, that the French corn is rivalled on the French market by foreign corn, that nothing is more difficult than to find a good farmer, that the revenue of the land is constantly decreasing, that the rural labourers emigrate from the country into the towns, and that the riots of discontented peasants have become—for example, in the year 1907—as fierce and dangerous as the strikes of the working classes. Instead of a living soil we are said to have a dying soil. Without accepting the disdainful caricature made by Zola of the French peasant,² we may remem-

¹ Cf. 2nd edition of this volume, p. 291 *et seq.*

² It must be acknowledged that the worthiest peasant has coarse features; that his morality is often doubtful; that even when he gets very rich he remains a miser. But these imperfections or vices are redeemed in a measure by other qualities; the French peasant is a model of hard labour, self-denial and steadfast activity. On the whole, his morality seems better than that of the German peasant. (Cf. Bebel, *Die Neue Zeit*, 1895, p. 594.)

ber that one of our best writers, René Bazin, has written a novel bearing this striking title: *La terre qui meurt*.

Is it truly so, and, after the illusions or disillusionings of optimism, must we despair of the present time or of the future? By all means, no. Truth lies between the two extremes, and however great the agricultural crisis may have lately been, it appears that evil has borne its remedy in itself, and that the benefit of our liberal land laws will have been to allow nature to work out her own progress and bring back prosperity in the rural districts. It must be understood that the agricultural depression has not been, in any way, the consequence of our law of inheritance or of our system of transfer, however important may appear certain reforms of these two points of legislation. The causes of the crisis have been merely economic, or, in some way, demographic, and our first duty must be to show what they have been and how they are dealt with. I submit that these causes are of three different sorts:—I. The desertion of capital and labour from land, and other symptoms classed under the name of absenteeism, as well as the constant rise of wages; II. Importation of foreign goods; III. Direct taxation of land.

I. ABSENTEEISM AND INCREASE OF RURAL WAGES.—After such an idyllic description of the condition of land as Cliffe Leslie gave us, it might seem that the rural labourer would be attached to the soil, and that the flow of capital towards the land would keep on.¹ Alas! both these sayings have ceased to be true, for a time at least. Crowds have been drawn from the country into the towns. The better class have been attracted there by the temptations of an easy life, some for pleasure's sake, others with a higher ideal of instruction, education, or moral improvement. The labourers have acquired the taste of living in towns during the long years of their military service. This is one of the worst effects of conscription. They have come to believe that it would be better for them to have the regular wages of factories and workshops than to run the risk of a failing crop. Railroads running throughout the fields take up, for a few pence, at the smallest stations, boys and girls who know nothing yet of the hardships of industry and who leave their farms, with the pure air and wholesome food of the fields, to be packed in slums where misery of all kinds awaits them. As a fact, the rural population, which was in 1851 75 per cent. of the whole country,²

¹ *Loc. cit.*, p. 305.

² Cf. Cauwès, *Cours d'Economie Politique*, 3^eme Edit., Vol. I., p. 685. René Henry (*La petite propriété rurale en France*, p. 166) states figures still more discouraging.

was only 64 per cent. in 1886, and has been decreasing since. During the years 1886-1891, the increase of the large towns, Paris excepted, amounted to 340,000 inhabitants, and this was more than the total increase of the country. In 1872 France numbered sixty-nine towns of more than 20,000 inhabitants. In 1891 there were 104; to-day there are more than 120. As the population, on the whole, remains stationary, this proves only too well the decline of the rural districts. There might be a remedy to this emigration if the rural families were as prolific as the residents in towns. But one knows that the peasants practise Malthusianism, and in many villages the number of births no longer balances the number of deaths.

Capital has followed the same course as the people. At a time when movable property was nearly unknown in France, nothing seemed more safe to a capitalist than an investment in land. Rural property was bought at a high price, and mortgages were searched for. But now the money goes to public loans, to speculation on all sorts of funds, good or bad, to foreign securities, to shares in any kind of business, and there is a cry for capital in the agricultural concerns.

As an immediate effect of the preceding symptoms, rural wages have greatly increased. M. Villey could write, as early as in 1887, that the salary of the rural labourers was 112 per cent. more than in 1852, having passed from 1 fr. 41 to 3 fr. a day.¹ According to the report of M. de Foville, who is an accurate statistician, the revenue of a family has passed from 200 fr. to 800 fr. a year in less than one century.² There is, certainly, no reason to complain of this increase. The rural wages were shamefully low, and we must contemplate with satisfaction their progress. But this progress has necessarily increased the cost of agricultural produce, and it is one cause of the severe crisis we have gone through.

II. IMPORTATION OF FOREIGN GOODS.—However attached a man may be to the principles of free trade, he must agree that, in the western part of Europe, the repeal of prohibitive duties has not been as beneficial to agriculture as it has been to manufacture. Corn, for instance, is grown in America and elsewhere at a cheaper rate than in France, England, or Germany. In new countries the soil is richer and the wages are lower. In

The difference seems to come from the fact that small boroughs are considered as towns in some statistics and as villages in others.

¹ *La question des salaires*, p. 20. Cf. Cauwès, *loc. cit.*, Vol. III., p. 60.

² *France économique*, p. 100.

other places there is scarcely any taxation, and the great extent of land allows extensive production at a very small cost. As far as colonies are concerned, the mother-country has to bear the hard reward of her unjust treatment of weaker races. We took the land by force from the natives, and we hoped the produce would be all the cheaper because the rent of the soil was reduced to nothing. So it occurred, but the home-agriculture was all the worse, and we suffered in the mother-country the necessary consequences of our land-grabbing abroad. Then we called for protection. A fair experience of free trade had been made in France, from 1861 to 1880, after the agreement between Napoleon III. and Richard Cobden. The average price of an hectolitre of wheat was then 22 fr. 28, and it seemed an advance on the average of the twenty preceding years, which was only 20 fr. 89. But after 1880 the price fell down to 15 fr. 79, far beneath the cost of production, as M. Thiers had already observed. So a Bill was passed on March 28th, 1885, establishing on foreign wheat and oats a customs duty of 3 fr., raised to 5 fr. in 1887, and to 7 fr. in 1894.¹ The duty was 5 fr. on rye, and 1 fr. 50 on barley. In 1890 a duty of 3 fr. was established on maize and rice. As these customs duties were met by equivalent tariffs in other countries which had been our best customers before, there was a fall in our exports. But as imports declined in a much greater measure, cultivators were said to have gained in the inland market four times more than what they lost on the foreign market. The exact figures seem to be, between 1892 and 1902, a decline of agricultural exports from 801 million francs to 696 millions, and a decline of agricultural imports from 1,541 millions to 1,091, the difference between the two first figures, say, 105 millions, being less than one-fourth of the difference between the two last ones, say, 450 millions.² Other customs duties had been established on cattle, wine, poultry, butter, eggs, vegetables, and fruit. But considering mainly the price of wheat, which is supposed to be the standard of agricultural prosperity, we must observe that its average was raised on the Paris market to 24 fr. 70 for the years 1887-91; to 20 fr. 20 from 1892 to 1896; to 22 fr. 20 from 1897 to 1901, and to 22 fr. 50 from 1902 to 1906.³ As this article is not intended

¹ Cf. the paper read by M. Gustave Schelle to the Free Trade Congress in August, 1908, on "Fluctuations in Tariff Legislation."

² Cf. an article of M. André Colliez, "Nos Débouchés Agricoles," *Revue Politique et Parlementaire*, 10 July, 1907.

³ Cf. an article of D. Zolla, *Revue Politique et Parlementaire*, 10 April, 1907, p. 390.

to discuss the respective merits of free trade and protection, we will not inquire into the harm these customs duties may have done to the country at large, but we must acknowledge that the help thus afforded by the consumers to the rural producers did not mean a smaller loaf. M. Paul Leroy-Beaulieu, at the time these customs duties were first proposed, had prophesied against them, saying that thirty-five millions of French people would suffer by a protection granted to two millions.¹ But, thanks to the power which the municipal councils have of regulating the price of bread,² thanks also to the competition between bakers, the price of the loaf of 4 kilogs. has not exceeded 1 fr. 40, whereas it was 1 fr. 50 and 1 fr. 60 between 1877 and 1883.³ It seems, therefore, that legislation does not necessarily affect the price of food.

III. DIRECT TAXATION OF THE LAND.—There is a great cry throughout the agricultural classes against the direct taxation of the soil. Under the present system this taxation is not in proportion to the revenue. A certain amount, say, 400,000,000 francs, has to be raised in the whole country according to our annual vote of Parliament. It is divided afterwards between the administrative subdivisions of the country (*départements, arrondissements, communes*), and finally between the landowners of each commune.⁴ But the scale according to which the assessments are made has never been accurate, and has got quite out of date. The main feature of the system is the public map called *cadastre*, the drawing up of which cost no less than forty-three years' work, and of which it has been said, with some exaggeration, that it would cost 1,000,000,000 francs to make it complete and fairly correct.⁵ M. Paul Leroy-Beaulieu, who is a high authority on financial questions, believes that the reform could be carried out in two or three years' time at the cost of not more than 40,000,000 francs.⁶ But it is doubtful whether it would be so easy to get a map showing the exact boundary of each lot, with the breadth of roads, paths, streams, and baulks, and the height of all hills or mountains. It is more than a problem of planimetry, since the sincerity of assessments would require an individual evaluation of each parcel, and the parcels themselves are divided at each partition *inter vivos* or *mortis causā*, and their value changes considerably according to the use made of them by the proprietor. An impor-

¹ *Journal des Débats*, 29 November, 1884.

² Code Pénal, art. 479, § 6.

³ Cauwès, *op. cit.*, Vol. II., p. 581.

⁴ Loi du 3 Frimaire, An. VII.

⁵ Cf. Charles Piat, *Rapport sur les Opérations Cadastreales*, 1892, p. 37.

⁶ *Science des Finances*, Vol. I., p. 343.

tant commission has been sitting at the Exchequer for nearly twenty years without solving the problem. Three congresses of landed property have met at Paris in 1889, 1892, and 1900 without more avail. In the minds of experts, jurists, economists, and able statesmen, the revision of the *cadastre* would be the way to get to the registration of title to land, so that the same mapping would be used for the assessment of the rates and for the identification of the lots purchased or sold by a method very similar to that of the Torrens system or still more to the German *Grundbuch*. Unfortunately the necessary funds are not ready to be voted, and the working classes, on whom the majority of Parliament seems to be dependent, will not easily assume such an expense for the profit of the agricultural class.

The lack of this reform therefore leaves without reply the cry of the landowners in favour of a more equal distribution of the land tax. An official inquiry made in 1879 had proved that whereas the average of the land tax ought to be 4.49 per cent. of the revenue of the soil, the department of La Vienne paid 7.71 per cent., and Corsica only 0.95 per cent. These inequalities were yet as nothing beside those presented by the subdivision between the boroughs and individuals of each department. One landowner might pay 35 or 40 per cent. of his revenue, and another only 0.50 per cent. This was only the effect of the fluctuations in the value of neighbouring lots, one parcel having greatly improved and the other having been unprosperous. This painful condition has been felt all the more in France, where the passion for equality is still greater than for equity. Some peasants will maintain that in years of bad crops their income is exceeded by the taxes they have to pay, and there is no escape, since the land itself has to answer for the debt of its owner towards the State. Direct taxation defies all the frauds with which indirect taxation has to contend, and the peasants therefore believe that it is they who ultimately pay for all the others.

The three elements of the agricultural crisis we have thus described have had, for some time, one very lamentable effect: the falling into debt of a great part of the landowners. Cliffe Leslie¹ seems to have been mistaken when he estimated, after M. Léonce de Lavergne, the debt of the peasant properties to be 5 per cent. only of their total value. The total amount of mortgages,² which had been 8,000,000,000 fr. in 1820, had risen to 12,000,000,000 fr.

¹ *Loc. cit.*, p. 302.

² Cf. René Henry, *La petite propriété rurale*, 1895, p. 97.

in 1840, and to 19,279,000,000 fr. in 1877 according to the estimates of M. Boutin, a well-known official of the *Exchequer*. The debt of land, as opposed to the debt of houses, was more than half of the whole amount, say, 9,427,000,000 fr., and as the total estimate of the soil did not exceed 89,246,000,000 fr., the proportion of the debt of peasant property was therefore more than 10 per cent. Now it is true that all this debt did not come from private loans. A part of it was due to the fact that many peasants buy land on credit and pay the price by annuities, the mortgage being only the seller's security.¹ But this is debt all the same, and when the crisis came, the condition of those who owed their purchase-money was no better than that of those who had borrowed money. The agricultural depression ruined both.

The last official inquiry concerning the amount of mortgages having been made in 1877 it is difficult to say if the debt has increased since. Good authorities believe it has not. First, because the amount of capital invested in mortgages is likely to follow the same course as the capital invested in the purchase of land, and this has decreased, partly because of the agricultural depression. In 1877 the total amount of purchases of land declared to the official registrars was 2,045,900,000 fr. It increased regularly till 1881, when it became 2,590,900,000 fr. But since then it has been decreasing and was only 1,861,800,000 francs in 1898. So the debts resulting from purchase on credit must have decreased also. Secondly, the loans must have decreased in the same way, if we judge by the fall of the duties paid to the State on loans to landed property. Now, in spite of the agricultural crisis, the value of landed property has increased because of all the improvements made by industry. In a space of fifty years the value of houses has grown from 19,279,409,121 fr. to 48,563,622,038 fr., and the value of the soil has grown from 63,696,660,456 fr. to 91,583,966,075 fr. If the debt remains the same, the value of the securities increasing in such a measure, or even if the debt increases but in a ratio less than the value of the securities, we may hope to be entering into a period of liquidation, and this would be a proof that, after all, Léonce de Lavergne and Cliffe Leslie had a very fair insight

¹ It is even believed that a part of the alleged debt is merely nominal, mortgages not being always struck out from the public registries when the debt is paid. In a paper contributed to the *Congrès de la Propriété Foncière* in 1900, M. Emmanuel Besson said that the figures must be reduced by this fact by 5,742,000,000 francs; but no one can tell in what measure this reduction should apply to the soil, as opposed to houses.

into the situation, though they did not and could not foresee the agricultural crisis.

In the meanwhile, the clearing out of unfortunate debtors has been carried on by seizure and compulsory sales. The statistics of these became quite alarming for a time. The figures were :—

6·870 in 1878	9·014 in 1884	9·575 in 1885
11·498 in 1886	13·320 in 1887	

Compulsory sales, therefore, increased by 110 per cent. in a space of ten years. This was all the more distressing because the compulsory sales are only a part of the real effects of foreclosure. Another effect may be found in *voluntary* sales made in court, on special permission, after foreclosure. The average of these had only been 775 till 1880.¹ It rose to 2,778 in 1889. And the full effect of this distress could only be known if we added the number, still greater, of voluntary sales consented to by debtors on the eve of foreclosure. But no one can give an account of these.

Fortunately these hard times are passing away, and the statistics show since 1887 a progression in the other sense. According to the official returns published in 1908,² the number of compulsory sales has fallen back to the same average as thirty years ago.

6·896 in 1901	6·901 in 1902	6·546 in 1903
6·020 in 1904	6·042 in 1905	

This truly looks like a return to better days.

Such being the worst features of the condition of agriculture in France, let us now see the better aspect of our land system. We will then understand how and why, notwithstanding the crisis, the number of landowners has hardly diminished, and the produce of the soil has increased in quantity and in quality, though its price has fallen so low.

(a) As to the number of landowners, we must acknowledge that it remains the great social benefit of the *law of inheritance*. All that Cliffe Leslie wrote in favour of this system of partition remains strictly true, and we can refer to his essay on this point,³ without any hope to explain in better words its advantages. Following an enumeration of 1851, Cliffe Leslie reckoned

¹ Cf. René Henry, *loc. cit.*, p. 144.

² *Compte Générale de l'Administration de la Justice Civile et Commerciale pendant l'année, 1907*, p. xvii.

³ Pp. 304 *et seq.*

7,845,724 proprietors, including the owners of houses in town. The enumeration of 1882 showed 8,500,000, and after the crisis, in 1900, the number was still 8,090,000.¹ The fall in the number of assessed lots was not greater. Their number had been 10,296,693 in 1826. It rose to 14,336,000 in 1882. It was still 13,618,189 in 1900. We therefore have proof that in spite of absenteeism, of emigration of capital and of labourers, of heavy taxation, and of low prices, the subdivision of the land has been preserved and the soil has not been bought up by speculators who would, according to the false prophecy of Socialists, substitute anonymous capitalism for private ownership, and the hard chains of wages for the independence of free labour. Private property is, and remains, as Alfred Fouilleé says, "liberty made visible," and every Frenchman conserves an open access to all its advantages. It may be expected that, in the space of one more generation, there will be as many freeholders as in 1882. But here appears another objection, just the contrary of the first. We are told in some political circles that our law of inheritance, far from enabling the restoration of such *latifundia* as we see in England,² will sooner or later cut up the soil into crumbs so small that it will no longer be possible to cultivate them usefully. This argument has been used for a long time by M. Le Play and his worthy disciples in favour of the principle of liberty of bequest. But these authors were inspired by moral reasons more than by economics, and their main object was to give a new arm to parental power. More recently the same thesis was taken up, on the ground of political economy, by a very able German writer, M. de Brandt.³ He points out to us the advantages of the custom practised in the central States of Europe under the name of *Anerbenrecht*, by which a man can leave his landed property to one of his sons, who gives compensation in money to the other heirs, and cultivates the estate by himself, without dividing the land or changing the methods of culture.⁴ This custom is said to enable the land to be left to the son who is the most fit to carry on the business of the farm, and to afford to the other children a capital they may invest in the trade they prefer. Whatever may be the merits of such a system, the French rule

¹ Cf. Charles Gide, *Rapport du Jury International pour l'Economie Sociale à l'Exposition Universelle de 1900*, p. 314.

² Cf. Jacques Dumas, *Le Problème Foncier en Angleterre*, Paris, 1893, *passim*.

³ *Droits et Coutumes des Populations Rurales de la France en Matière Successorale*, traduit de l'allemand, par M. Eugène Régner, avec une préface de M. Georges Blondel, Paris, 1901.

⁴ Cf. Verdelot, *Du bien de Famille en Allemagne*, Paris, 1899.

seems better. The law of inheritance secures, as a principle, the equal partition of movable and immovable property amongst all the heirs,¹ so that the heirs who care for their part of land are ~~sure~~ not to be deprived of it. But nothing prevents those who do not care for their lot to sell it or to exchange it after the partition, and even before any partition, providing all the parties are masters of their rights and make a private agreement between themselves. This happens daily, and everybody knows that if the principle of equality is enacted as a security it is not enforced on anyone. Moreover, it is false to consider the law of inheritance as a machine to chop up the land. Experience has proved that it helps as many men as possible to get the privilege of ownership, but that it does not cut up the soil in too small plots, because this written law is constantly counteracted by the unwritten law of land-grabbing, which pushes every peasant to enlarge his estate. All landowners are buying—still buying more than they can pay. In fact, before the French Revolution—therefore, before the law of inheritance was established—Arthur Young had been surprised to find in France 4,600,000 proprietors. In passing from that number to 8,000,000, the number of proprietors has simply followed the increase of the population. So there has not been any exaggerative chopping. The small proprietors, even now, hardly cover one-fourth of the land, whereas estates of more than 400 acres still cover 16 per cent. of the total area, and 35 per cent., say, more than one-third, of the land is covered by estates of more than 100 acres.

(b) The law of transfer is not less beneficial than the law of inheritance, but here we find place for necessary, if not immediate, reform. Cliffe Leslie very well understood² that a good law of transfer corrects the defects, if any, of the law of succession, and certainly in the days of Arthur Young it was the law of transfer, much more than the systems of succession then prevailing, which had enabled the land to get into so many hands. Even to-day it is often necessary, as we have just said, that the rules of partition should be corrected by way of sale or exchange, and these agreements are dependent on the transfer system. For the transfers to be efficient, law must provide two things: *security of title* and *cheapness of deeds*. Unfortunately, the French law fails in both.

As to *security of title*, though all *inter vivos* deeds affecting immovable property have to be registered in public offices called

¹ Code Civil, art. 826 and 832.

² *Loc. cit.*, p. 309.

Bureaux de la Conservation des Hypothèques,¹ the effect of this registration is only to provide priority against third persons, but not to secure a definite title. If the title of the vendor was affected by any cause of nullity, the risk is incurred by the purchaser, in spite of registration.² This is the case when the vendor has bought the property from a minor, an insane person, or a non-authorised woman. Moreover, secrecy remains the rule for transfers by *wills*—these being not *inter vivos* deeds—and also for legal mortgages created *ipso jure* by the written law in favour of married women on their husbands' immovable property, or minors on that of their guardians. Let us add that registration is not obligatory, so that even *inter vivos* deeds often escape it. The registers cannot therefore be considered as complete, and as the deeds are entered in under the names of the parties, and not under the designations of the parcels, it is never possible to know what are exactly the rights, duties, and encumbrances affecting one definite part of land. One can only know if deeds of a certain kind have been registered under a given name. The estate's legal position remains always uncertain, if not completely obscure. That is why jurists ask that the *cadastre* should be drawn up to date, not only, as we have already seen, in order that the land tax should be collected in a more equal way, but also in order that the area and boundaries of each *parcel* being once identified, the statements made in the deeds, as well as in the registers, should describe the land instead of simply naming the parties. Each parcel would get its *folium*, as in the German *Grundbuch*. A simple glance at the *folium* would tell at once what was its legal position, and if it could be admitted that registration of every transaction was compulsory, and that the titles so registered would become indefeasible, or at least give right to compensation from the State in case of ejection, the security of title would at last be complete. But we know that the public expense required by such a reform is a great drawback, and we also know that the French notaries, following the example of the English solicitors, oppose the reform by all their means of obstruction, because they believe they have a professional interest in the maintenance of all the intricacies and expenses of transfer.

Cheapness of deeds, as we have said, is no less necessary than

¹ Cf. *Loi sur la Transcription du 23 Mars, 1855*.

² Cf. Jacques Dumas, *Registering Title to Land* (Callaghan and Co., 1900), p. 74 *et seq*; Emmanuel Besson, *Les Livres Fonciers*, 1892, *passim*; and Ch. Massigli, *Rapport Général sur l'Institution des Livres Fonciers*, 1905.

security of title. It would be obtained, in a certain measure, by the practice of registration, the fees for a change in the *folium* of a parcel being much less than those of a notary. But the expense of legal assistance is nothing compared to the transfer duties, which amount to 7 per cent. of the price of sale. The fiscal necessities with which the State has to contend give little hope of any reduction of these duties.¹ We may rather fear to see them increased in the same measure as the expenses of the Government, which are daily swelling. But if the deeds of transfer pay the duty, perhaps a complete exemption ought to be made for the deeds of exchange.² A law of 1884³ has been wise enough to reduce the duty to 0.20 per cent. for some kind of exchanges. This reform ought to be made general for all exchanges of rural portions of land, with such provisions as are necessary to prevent fraud. Exchange of scattered lots is the only way to enable peasants to restore their properties all in one piece, and to remove the scare of crumbled estates.

(c) *General improvements.*—No progress in legislation would be sufficient to enable agriculture in old countries to stand in competition with new countries if the general condition of culture was not daily improved by scientific methods. Railways have been most expedient in enabling remote farms to send their produce to distant towns, and to get their machinery, cattle, or seeds in a rapid and cheap way. One can see every day full trains of fruit, vegetables, and even flowers run from the south of France to Paris, Berlin, and other capitals. No produce is more profitable, but it required an opening that steam engines alone could give. Great progress also has been made in the way of enriching unfruitful soils by chemical manure. The abundance of produce has thus compensated for the fall of prices. Microbiology has saved many plants from their usual parasites, and has allowed the preservation of silkworms in the valley of the Rhone. When phyloxera, mildew, and other diseases of the vine fell upon the richest parts of the French vineyard, the remedy was immediately found in a combination of agricultural progress and chemical care. New plants were got from America. Irrigation, with pumps moved by steam, was used to drown the roots, and sulphur, under different forms, was obtained from

¹ In 1895, M. Burdeau had proposed to the Chamber of Deputies to reduce the duties on sales to 3.50 per cent. Instead of this, the duty has been brought up to 7 per cent. by the law of 22 April, 1907, § 3.

² Cf. René Henry, *loc. cit.*, p. 198.

³ Loi du 3 Novembre, 1884, concernant les droits fiscaux à percevoir sur les échanges d'immeubles ruraux,

Sicily to treat the branches, twigs, flowers, and fruits in their time.

To-day it seems that new openings of a promising character are made abroad for the produce of our soil, and again it is the progress in ways of communication, telegraphic orders, and international relationship which will allow us to profit by them. The same changes which caused a fall of prices by an excess of foreign importation now favour exportation, and this is an argument for free trade. In the five years 1893-1897 the average of our *agricultural* export had been 667,000,000 fr. yearly; from 1903-1907 it has risen to 715,000,000 fr. This means an increase of nearly £2,000,000 in a space of ten years. Our neighbours on the other side of the Channel, as well as on the other side of the Rhine and of the Alps, can no longer be fed without our help.¹ An international tariff has been made to favour the export of our strawberries from Vaucluse or Finistère to England. Four times a week special trains carry up to the harbours of Boulogne and Calais baskets of fruits and vegetables, the number of which varies from 10,000 to 30,000 a day. The railway companies have understood that this kind of export requires fast trains still more than reduced tariffs, and though the rates are much less than they used to be, transport has been made much more rapid. The result is shown by the returns of the companies. The amount received from traffic of this kind has risen from 93,738,000 fr. in 1891 to 184,000,000 fr. in 1905. The P. L. M. Company, which carried 1,605 tons of fruit and vegetables to Germany in 1900, carried 14,008 tons in 1906. The increase is nearly 1,000 per cent.

To meet the requirements of these new openings, and to obtain fresh ones, individual efforts would be of no avail, and the necessity has been felt for co-operation between all the rural producers whose interests are the same. Since 1884,² trade unions, which were not legal before, have been permitted between cultivators as well as between the labourers of the town. The increase of the rural trade unions has been very great lately. In 1890 there were only 618 of them, with 234,000 members. The official number in 1900 was already 2,375 with 592,613 members.³ To-day they are said to be 4,000 with no fewer than one million members. These unions are themselves associated in ten district unions, and the district unions (*Unions régionales*)

¹ André Colliez, *loc. cit.*, p. 119 *et seq.*

² Loi du 21 Mars, 1884, relative à la création des syndicats professionnels.

³ Cf. Ch. Gide, *Rapport du Jury International*, p. 316.

are federated in one great body called *Union centrale des syndicats des agriculteurs de France*. The benefit of such a union between landowners as in any trade, is to secure the defence of all interests concerning agriculture, and to enable the smaller proprietors to share all the professional advantages of the stronger and richer ones. It is the privilege of peasant life that the interests of rich and poor are the same, and the rural unions are not, like the city unions, instruments of war between classes. In a general way the landowners only have joined these unions, and not the rural labourers. Some of these, namely, the wood-cutters, have lately formed unions of their own, and one of the last novels of René Bazin, *Le Blé qui lève*, shows that between them the struggle of classes unfortunately reappears. The trade unions being only allowed by the law of 1884 to defend their common interests,¹ could not buy together and sell to one another the different articles required for their business. This is trade, and trade in common can only be carried on by commercial societies. But the trade unions, understanding the powerful effects of association, have formed between them co-operative societies which buy in great quantities, and at the cheapest price, tools, seeds, manure, and all kind of machinery. These wholesale transactions are all the more beneficial because the union can verify by experts the quality of each purchase, and procures, therefore, for its members goods of the best choice at wholesale prices. Associations for buying are completed by associations for selling. The reduced tariffs obtained from the railway companies for the produce sent abroad would never have been granted to individuals. These tariffs are made for wholesale exports, and individuals could not fill up a train every day. But the trade union can.² The example came from Denmark. In order to conquer the market of London for farm produce (eggs, butter, and bacon), the Danes created between their local unions, as early as 1895, a national federation of 150,000 farmers, and when it was understood that there might be, for the French farmer, an opening of the same kind, the same method was adopted. The last benefit of rural association is mutual credit. The amount of debt weighing on peasant property seems to show that the credit of a landowner has been rather too great in past years. This is not completely true. Loans on mortgage may be a cause of ruin; mutual credit leads to prosperity. First, because the rate of interest for the last is less than for the first,

¹ Sec. 3 of the law.

² Cf. André Collier, *loc. cit.*, p. 121; Ch. Gide, *loc. cit.*, p. 323.

which is always 5 per cent. ; then because the expenses of mutual credit are a mere nothing, whereas as deeds of mortgage are necessarily passed by a public notary, the fees are very high ; the deed has to be registered, and duties paid ; and the total expense is, in some cases, nearly equal to the capital lent. Thirdly, the risks of seizure and sale by auction, though very profitable to the lawyers and to the Exchequer, are as ruinous for the creditor as for the debtor. The official returns ¹ published in 1908 show that in sales by auction of small holdings worth not more than 500 fr. the legal expenses were, from 1881 to 1885, 143 fr., 80 per cent. of the price of sale. The debtor was therefore ejected without the creditor being paid. This cost has been reduced gradually to 79 per cent. of the price of sale, but is still unreasonable. When the lot sold is more important, the average cost is, of course, much less ; it does not exceed 9.14 per cent. for estates sold for 10,000 francs, and it is only 2.37 per cent. above that price. But mutual credit is much cheaper, and, thanks to the solidarity of all the members of the union, it does not expose the debtor to compulsory sale. Unfortunately, the French peasant cares before all things for secrecy, and he prefers to borrow from the notary rather than call upon the fellow-members of his union. We therefore have no rural banks such as those created in Germany by Raiffeisen or Schulze-Delitzsch, and in Italy by Wollemborg. But, since the law of 1894,² which has allowed syndicates to create rural banks of credit for their members, some progress has been made, and in 1900 more than 800 of these institutions existed.³ In the same line we must recall the law of July 18th, 1898, which allows peasants to offer their crops and all the produce of their farm as security for their creditors and yet to remain in possession of the same, the warrant being only entered in a register kept by the clerk of the Justice of Peace, and a severe penalty being imposed upon any debtor who would sell the warranted goods before paying his creditors. In completing all these improvements of agriculture the State has endeavoured to promote progress, not only for creating a special order of merit (*ordre du Mérite Agricole*)⁴ for the best proprietors, but also by opening throughout the whole country model schools of agriculture to train the better class of peasants—sending to every village professors of agri-

¹ *Compte Général de l'Administration de la Justice Civile et Commerciale pendant l'année 1905*, p. xix.

² Loi du 5 Novembre, 1894, relative à la création de sociétés de crédit agricole.

³ Cf. Ch. Gide, *loc. cit.*, p. 331.

⁴ Décret du 7 Juillet, 1893.

culture, who deliver public lectures on all the rural questions—and by organising municipal and district committees of inquiry on the wants and resources of each region and each kind of culture.¹

(d) *The law of tenure.*—Cliffe Leslie believed that our system of tenure was not so good as our system of partition and of transfer, and the law of the farm seemed to him the weak point of our organisation.² This could not be thought now. It is no longer true to say that tenants are victims of the owners of land because the rents rise too quickly, the leases are too short, and there is not sufficient compensation for improvements made during the lease. I have strongly advocated tenant-right in writing on English law,³ but, as far as France is concerned, I must declare that the time when two tenants ran after one landowner has passed away; we now see ten landowners run after one tenant. It is therefore the tenant, and not the owner, who rules the agreement. He can get as long a lease as he desires; he obtains a fall in the rent instead of having it raised against him; and as for improvements, his contract treats him better than the written law. Mr. Brodrick, in a speech delivered at the Oxford Junior Club on January 31st, 1883, said that it would be desirable that the problem of tenant-right should be settled in England by contract rather than by law. This desire may be considered as fulfilled in most cases in France. When the matter is left out of the contract, French courts have a tendency to be very liberal in favour of the tenant,⁴ and to treat him better than Sec. 555 of the Civil Code. This section provides, as a general rule, that if the owner of the land requests to have the plantations removed, it shall be done at the expense of the third party who has made the plantations, without giving this third party any indemnity, and even in having the third party ordered to pay damages if the land has suffered from the plantations. If the owner prefers to keep the plantations, he must repay the value of the materials and the price of the labour to the third party, and, if this party was in good faith, the owner must always keep the plantations, but he has then the choice either to reimburse the expenses of the third party or to repay a sum equal to the additional value acquired by the property. For a time it was much questioned whether the situation of the tenant should be that of a third

¹ Décret du 27 Avril, 1902, relatif à l'organisation des enquêtes agricoles.

² P. 308.

³ Cf. *Le Problème Foncier en Angleterre*, pp. 208 and 262.

⁴ Cf. Cuénot, *Les Constructions élevées par un Locataire sur les lieux loués*, p. 164 et seq.

party in good faith, or of a party in bad faith. One could say that as the tenant knows he is not the owner, he is in bad faith, but such a theory was contrary to all justice as well as to all the economical interests of the country, since it led to consider as an illegal abuse any improvement made by the tenant.¹ The Courts of Justice have been better inspired in deciding that the tenant, being tied by the law of contract, is not a third party in the sense of Sec. 555, and that since his legal duty is to leave the land in the state it was leased, he must always have the right to remove, when he leaves, any plant or other improvement for which the owner would not give him a fair compensation according to the increase of the soil. Such an interpretation of the law enables the tenant to make improvements without running the risk of bearing their entire cost.

The problem of tenant-right has only a small interest in France for this other reason, that in a country where so many men have acquired the free and full ownership of land it is a rule, in four cases out of five, that the owner cultivates his own soil, often with the help of hired labourers. 5,500,000 proprietors out of 8,000,000 are rural proprietors, and only 1,100,000 of them lease their land.² These leases are of two sorts: *les baux à ferme*, according to which the farmer has to pay a fixed rent and has a personal interest in making the most he can out of the soil; and *les baux à un-fruit*, or *colonages partiaires*, or *métayages*, according to which the produce of the soil is divided between the tenant and the owner, generally by halves, as shown by the Latin etymology *mediaticum*. Cliffe Leslie, like most English authors, is more or less prejudiced against this form of lease.³ But he would have been more favourable if he had understood that it creates a true association between the lessor and the lessee, and is therefore a useful remedy against the great evil of absenteeism. The number of mortgages is one-third of the farms, exactly 350,000 out of 1,100,000, and the area they extend to is also one-third of the leased land, nine million acres out of twenty-seven millions. This number had decreased during the crisis, but is rising again. A law was passed in 1889⁴ to rule the condition of these leases in a very useful way, since the direction of the farm, and of the purchase and sale of cattle (Sec. 5), is left to the lessor, who has, therefore, a personal interest in the business, and which

¹ Cf. Aubry et Rau. *Droit Civil*, Vol. I., § 204.

² Cauwès, *loc. cit.*, Vol. I., p. 511.

³ *I. oc. cit.*, p. 308.

⁴ Loi du 18 Juillet, 1889, sur le Bail à Colonat l'artiaire.

provides for the lessee in case of eviction, or for his heirs in case of death, an indemnity for all improvements made, according to the profit he might have had if his contract had been continued (Sec. 7). The best proof of the usefulness of such a management of the soil is that certain *métayages* are said to have been continued between the children and grandchildren of both parties, for more than 300 years. On one side the lessee knows that such a contract will never expose him to a higher rent whatever the increase of value may be. On the other side, the lessor knows that the principle of profit-sharing is as profitable for him as for the lessee, since he will always have half of every new gain. So why should they part? The agreement is all the better since it combines individual and general interest in favouring the progress of agriculture. If *métayage* had been practised in Ireland, there would not have been so much hatred between owners and tenants of that country.

Rural legislation has been much improved since the time of Cliffe Leslie. We have not yet the rural code we have been expecting for more than a century, but we already have many chapters of it. The first is the law of July 21st, 1881, on contagious diseases of animals. The next, enacted on August 20th, 1881, concerns rural roads and paths. Then comes the law of August 2nd, 1884, on the defects which render void certain sales of cattle. The fourth is a law of April 4th, 1889, on animals used on farms. The fifth, enacted on July 9th, 1889, and modified on June 22nd, 1890, concerns public pasture of cattle and sheep in open fields. The sixth is the law of *métayage* just referred to. Many useful changes have also been made in the chapters of the civil code which concern agriculture, namely, in those concerning rural easements or servitudes and the flow of springs and other waters.

This very incomplete exposition will show that if French agriculture has undergone a severe crisis, the land system has not been the cause. On the contrary, it is the constant progress in the land system, combined with the progress of scientific methods and the activity and eagerness of the peasant class, which have enabled the country to get through this time of depression and finally master it. We still look for further improvements. A more intelligent use must be made of the new openings shown in foreign markets; the principle of association must bear its fruit in all the agricultural circles; taxation must be altered and duties reduced, if not on imports, at least on sales and exchanges of land; the law of transfer requires

much alteration; but the backbone of the whole system, say, the law of partition, has proved its perfection, and it is under the protection of this great principle that French democracy intends to realise all the future progress that must be expected of the rich endowments of her soil and of her peasantry.

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RECENT ECONOMIC EVENTS IN INDIA.

INDIA's unfavourable trade balance during 1908 has attracted a good deal of attention on account of the effect on the London Money Market of the Secretary of State's action in supporting exchange. The period of unprecedentedly high prices in India during the previous year, which excited some controversy there, had a less direct influence on affairs in this country, and was not so closely studied. It will be worth while to trace the connection between the two occurrences, and to examine the course of events in its successive phases. Amongst a number of comments on the situation which have appeared in various financial journals in this country, there have been criticisms of the Indian Government's action which seem to the present writer to show a mistaken view of the connection of events; and, on the other hand, those who have tended to support the official policy have treated the question of exchange and the balance of trade as an isolated problem rather than as part of a complex phenomenon presenting other sides of far-reaching importance. Apart from the practical side of the matter, India's intricate and highly artificial system presents problems of special interest to the student of the theory of currency.

I.

It will be convenient first of all to describe the recent rise of rupee prices and the explanations of it which have been suggested. It is recognised in India that there was, *prior* to the famine of 1907-8, a fall in the food-purchasing power of the rupee, at least comparable to that which preceded the closing of the mints, and only slightly exceeded during the famines of 1897 and 1900. The rise of prices which began in 1903 was at first a normal recovery from depression. But in 1905 the movement became, in the case of many important commodities, altogether abnormal. The cost of living in almost all parts of the country was palpably affected, and the matter became one of universal comment and complaint, requiring in the eyes of native politicians

exhaustive inquiry and drastic administrative action. Between 1905 and the early part of 1907 prices of food grains rose from 20 to 50 per cent., with the result that the scarcity period, which commenced in the autumn of 1907, found prices already approaching a famine level.

The rise was most marked in rice and least in wheat, the two principal grains of export. In the case of the former, foreign exports were considerably checked, and there were for the first time large consignments from Burma to Bengal; but wheat, which tends in years when there is a surplus to follow without much influencing world prices, did not join in the general movement until the failure of the monsoon of 1907 in Northern India. In the local food grains—barley and the various maizes and millets—the rise after 1904 was large and universal.

The upward tendency was not confined to food grains. The prices of the other principal articles of export were equally affected, while those of imports moved steadily upwards, though to a somewhat less extent. The official index numbers are for many reasons unsatisfactory, but the following table, which is based upon them, gives a fairly accurate account in a succinct form; Sauerbeck's index number for the United Kingdom is added for purposes of comparison.

	Imports ¹	Exports and principal articles ² consumed.	Food grains.	Prices in United Kingdom.
1903 ³	100	100	100	100
1904	106	101	93	102
1905	109	114	117	105
1906	119	137	142	111
1907	132	144	143	116

The index number for exports hardly gives sufficient weight, perhaps, to the extraordinary fluctuations in the price of jute, of which India possesses a virtual monopoly. Between 1904 and 1907 the price doubled, falling with a rush at the end of the latter year, but rising again during the early part of 1908, and fluctuating during that year at a level considerably below that of 1906 and 1907, but above what was normal before 1905. During these years jute products represented nearly a quarter of the total

¹ I give the official index number of the prices of imports for the sake of completeness, but it is constructed on so bad a principle as to be almost useless. It probably exaggerates the rise of price; for it makes the price of imports rise almost as fast as their total value, whereas it is certain that there has been a considerable increase in the volume.

² This index number includes the food grains which are considered separately in the next column.

³ This, it must be remembered, was a year of exceptionally low prices.

value of exports of merchandise, and the effect which a commodity of this importance exercises on the external trade of a country, when its price doubles in the course of two years while the quantity increases at the same time, is manifest.

The index number for 1907 is somewhat affected by the scarcity period which commenced towards its close. But it is no exaggeration to say that non-exported food grains and the principal exports in which India has some degree of natural monopoly rose in price between 1903 and 1907 by 30 or 40 per cent., this rise occurring in a period of comparative plenty before the scarcity and famine of 1907-8.

There are a number of possible explanations of these circumstances. They may have been occasioned by decreased productivity on account of poor harvests, or a lessened area of cultivation; or, on the other hand, they may have been due to increased consuming power on the part of the people following on an increased demand for Indian commodities in the world's markets. They may reflect fluctuations in gold prices throughout the world, or they may arise from the working of the Indian currency and credit systems.

(1) The evidence regarding decrease of productivity cannot be reviewed here in detail; it may be true that there has been on the whole no appreciable increase, and in the case of some districts or some crops even a small decrease. In a country with a growing population and growing needs this may be sufficient to cause some upward movement of prices. For the assertion, however, which is frequently made, that there has been a substantial fall in the output of rice, it is difficult to find much support. In any case the reduction of foreign exports, and the unprecedented movement of rice from Burma to Bengal must have left for consumption in India proper an amount little, if at all, below what is usual. There does not seem to have been anything in the circumstances of recent rice crops prior to 1907 outside the ordinary fluctuations of the seasons; and it seems almost certain that the increased price was not balanced by diminished consumption. Taking food grains as a whole, there is no sufficient positive ground for believing that the high prices were, prior to the recent famine, wholly or even principally due to shortage of supply; but much of the statistical evidence relating to areas under cultivation is unreliable.

The increased cost of living is often attributed by Indian politicians to the substitution of non-food crops for food crops. The Government, they say, requiring large exports to enable it to

meet its liabilities, encourages the cultivation of raw materials for export rather than that of food-stuffs for internal consumption. This substitution, it is argued, drives up prices and impoverishes the people, and, as a counter-agent to this deleterious trade, there is a demand for the prohibition of the export of rice and wheat in times of scarcity or high price. We may doubt the value of this reasoning as an argument for administrative action without denying that the explanation of high prices on which it is based may possess some value. There is no doubt that some of the raw materials of Indian export have, for various reasons affecting world markets, commanded very high prices in recent years. This has naturally led to some increase in the cultivation of the crops, which have become specially lucrative, and to the possibility of a corresponding decrease in the cultivation of less lucrative food crops. But it is difficult to believe that this cause of high prices has been the predominating influence. There is nothing to hinder the extension of cultivation; the high prices of certain commodities seem to have led to some increase in the total area under cultivation; and there is no tangible evidence that the area under food crops has been materially reduced. Recent reports from Bengal even suggest that the high price of rice is now leading to its encroachment on ground previously occupied by jute.

(2) The argument, that the rise is due to an increased consuming power on the part of the people, maintains that they are unusually prosperous on account of the good prices which for one reason or another they have obtained for their exports, that they have been enabled on this account to consume more food, and that this in the absence of increased supply has rapidly driven up the price of grain for all classes. There may be in this an element of truth. It is said that the extraordinary jute prices of 1906-7 led to a clear profit of £10,000,000 to the cultivators in the jute districts of the Bengal provinces. The increased consumption of rice on their part, consequent on this, will have led to higher prices everywhere. But there is no evidence of analogous circumstances in other parts of India, and it seems difficult to believe that the prosperity of the jute cultivators can have had so astonishing an effect upon the prices of a great variety of commodities all over India.

(3) The rise in gold prices in other parts of the world may, through the agency of foreign trade, account for a part of the rise in rupee prices in India. But a comparison with Sauerbeck's index number for the United Kingdom shows that the change in India is much greater than can be accounted for by changes occurring elsewhere.

The period under review has been that which preceded the failure of the monsoon of 1907, as the exceptional conditions of the year 1907-8, and the absence, at present, of official statistics make it unsuitable for comparison; but it may be noted that the satisfactory monsoon of 1908 did not lead, up to the end of that year, to such a fall in price as might have been expected. We may suppose that high prices in India have been partly due to harvests which, leaving out of account the scarcity of 1907-8, were neither specially unfavourable nor specially abundant, partly to exceptional prices in the world's market of some of India's staple commodities of export, and partly to changes in the purchasing-power of gold not peculiar to India. Although it is impossible to speak with confidence respecting the quantitative effect of each of these agencies, it is reasonable to doubt whether they can have had sufficient influence between them to produce the observed results.

(4) We must turn, therefore, to considerations of currency and to the circulation of rupees, hoping to work backwards from the *data* which we can obtain to a knowledge of other possible agencies. In any case, causes (2) and (3) above could only come into operation by aiding an expansion of the circulation. Attention was called to the rupee issues in an unsigned article entitled "India's present monetary condition," which appeared in the *ECONOMIC JOURNAL* for March, 1907; and in the Budget debate of March, 1908, in the Viceroy's Council the question was raised by Mr. Gokhale in a moderate and well-reasoned speech.

II.

The facts briefly are these: Immediately after the closing of the mints in 1893, coinage entirely ceased for three years; there were small issues in 1896 and 1898 on account of the stringency of the money-market; but taking the period from 1893 to 1900 as a whole the issues were negligible. The rupee then touched par, and since that time rupees have been issued in a steady stream. In 1898 the total number of coined rupees in the country was estimated at about 1,200 million. The total gross issues of coinage since 1900 have exceeded 1,000 million rupees. From this enormous total as affecting the circulation it is necessary to make deductions, on account of re-coinage and of transfers to the gold standard and paper currency reserves, and additions on account of the increased circulation of notes, and in certain years of the replacement of rupees by gold in the paper currency

reserve. The following table gives the approximate figures¹ in £ ion sterling :—

	£ million sterling.		
	Net issue of coinage.	Net increase of average circulation of notes.	Total net. increase or decrease to circulation during year.
1902-3	1½	2½	4
1903-4	9	2	11
1904-5	5	1½	6½
1905-6	11	2	13
1906-7	8	2½	10½
1st April, 1907—31st Dec., 1907 ²	7	1	8

The increase during the financial year 1907-8 amounted to no more than four millions sterling; but during 1907 issues were on a scale commensurate with that of the preceding years. In the autumn of that year the crisis came, and during the first quarter of 1908 rupees were withdrawn from circulation to the value of perhaps four millions sterling, to replace gold in the currency reserve. We may conclude, therefore, that between April, 1903, and the end of 1907 the net increase in the circulation of coins and notes amounted in value to not less than 49 millions sterling, or 735 million rupees, and that the increase subsequent to 1900, making allowance for the increase of coins and notes between that year and 1903, exceeded 1,000 million rupees.

When we inquire whether the increase of currency is connected with increased prices, there is one sense in which no other answer than an affirmative is reasonable. That prices would be lower if the coinage of rupees had been restricted is certain; and it cannot be supposed that official apologists wish to deny this when they ascribe the rise solely to considerations unconnected

¹ It is hoped that these figures, with which care has been taken, are approximately correct. They are not given in any compact form officially and the lack of them led to some misunderstanding in the Viceroy's Council between Mr. Gokhale and the Financial Member. They are arrived at as follows: the net issue of coinage is found by adding to or deducting from the gross issue of silver and bronze coins, less the amount of recoinage, the amount of decrease or increase in the average reserve held in rupees against notes; in 1906-7 a further deduction was necessary on account of the transfer of 60 million rupees into the newly formed silver branch of the Gold Standard Reserve. In the case of notes, the figures give the increase in the average circulation during the year, excluding those in Government Treasuries but including those in Presidency Banks. By this means we avoid counting both the increase of paper money and the corresponding increase of rupees held against them, and we do not neglect the increase of the rupee circulation due to the recent policy of increasing the gold in the Paper Currency Reserve and decreasing the silver. No deduction has been made for the export of rupees; but on the other hand no allowance has been made for the quite appreciable number of sovereigns in circulation.

² Estimate.

with currency. Nor can anyone dispute that the price level has been affected by the policy adopted by the Government of India in 1898, or that prices might be different if another policy had been preferred. These obvious considerations being kept in mind, we may continue our analysis of the facts.

The available statistics appear to show that, whether the phenomena are connected or not, the rise of prices has been nearly proportional to the increase of currency. The figures are given below, but, too much reliance must not be placed upon

	General index number of prices.	Estimated total volume of currency on 1st April of each year.
1903.....	100	100
1904.....	102	110
1905.....	112	115
1906.....	131	127
1907.....	140	{ 1st April 136 31st Dec. 143

their remarkable agreement. The index number of prices is not well constructed, the volume of currency can only be estimated,¹ and the agreement may be due to the fortuitous balancing against one another of causes unconnected with the present discussion, some of which must certainly have been in operation.

It is at least true that there was a substantial rise in the general level of prices in India during the three years preceding 1908, accompanied by correspondingly large issues of currency. It will now be argued that the recent weakness of exchange and the inability of the Secretary of State to sell his bills has been the natural result of these circumstances.

To what causes should we expect an increase of currency to be due, and by what process would it affect exchange? In a time of active trade and expanding exports the supply of Indian currency at demand to anyone possessing credit or resources in England is unlimited; for he can always obtain it by the purchase of Council bills in London and their encashment in Calcutta. During such a period, therefore, the sale of Council bills is large, and they can only be met by fresh issues of corresponding magnitude from the Mint. This naturally assists the rise of prices which the activity of trade has already initiated. The higher prices cause a demand for increased currency, and so for a time the inflation goes on. Eventually, however, the high prices stimulate imports and retard exports; the demand for bills on Calcutta is thus reduced, their price in London falls, and ultimately, if nothing intervened, it

¹ Mr. F. C. Harrison's estimate of the rupee circulation as being 1,200 million in 1898 has been accepted, and 487 million have been added to this on account of paper money and of the net issues between 1898 and the end of 1902.

would become profitable to exchange rupees for gold and to export the gold. Before this point is reached the Government of India bring into use their reserves, and, if necessary, their credit; the Secretary of State withdraws from the sale of bills in London, and offers bills in Calcutta. Each of these methods accumulates rupees in the Treasury which, by transfer into the reserves, are withdrawn from circulation, and the process of driving prices down again begins, as the issue of rupees is restricted. During the whole of this period the exchange value of the rupee may have remained steady in the neighbourhood of 1s. 4d., but the purchasing power of the rupee in India will have suffered the widest fluctuations.

The cycle of events which theory would anticipate has been realised in fact. A period of active trade, probably maintained though not initiated by the high price of jute, was readily financed from abroad, and the unprecedentedly large issues of Council bills, purchased in London beyond the necessities of the balance of trade, could only be met from the Mint. The abundance of rupees removed a possible hindrance to further expansion and permitted a rise of price amongst commodities generally, which again increased the demand for rupees. It is well known that when an upward movement of prices has been started, it is not easily stopped until difficulty arises in obtaining fresh supplies of currency. In this case the process continued for about three years, until, in fact, the normal balance of trade had been upset by the new level of prices and the failure of the harvest, so that the means of obtaining fresh currency was thus brought to an end. These circumstances may now be explained in greater detail.

It is necessary to premise that the circumstances of the Indian export trade are such that exports are not so rapidly checked by rising prices as they would be in many other countries. As India possesses a partial monopoly of many of her staple exports, she can in the first instance reap a considerable profit; whether or not exports are reduced in quantity, the fall in total value will not be proportional to this, and it is possible that she may obtain as much or even more than before in exchange for them. The exports of rice, for instance, fell between 1904-5 and 1905-7 in bulk by about 22 per cent., and in value by not more than 5 per cent.; and in the case of other commodities, oilseeds, hides, and jute, the monopoly element has exerted its full influence. We should expect rising prices, therefore, to act more rapidly in increasing imports than in diminishing exports. The statistics of

foreign trade, ¹including Government transactions, are given below. It may be added that compared with former years

£ million sterling.			
	Imports.	Exports.	Balance in favour of India.
1902-3	74	92½	18½
1903-4	87½	112½	25
1904-5	96	116	20
1905-6	96	118	22
1906-7 ¹	108	121½	13½
1907-8 ¹	119	122	3
1908-9 ²	71	67	-4

the balance of trade from 1903 to 1906 was exceptionally favourable, partly on account of the circumstance that Government were then exporting as much treasure as they were importing.

The increase in the total value of exports between 1902-3 and 1906-7 seems to be mainly due to the increase of price, and the figures for the principal articles ³ of trade, which are of some interest, are given below. With the single exception of seeds,

Commodity. ⁵	Percentage increase or decrease of exports of 1906-7 ⁴ over those of 1902-3.	
	Quantity.	Value.
Grain and pulse ⁶ ..	- 7 per cent.	+ 9 per cent.
Seeds	- 11 "	- 13 "
Cotton	+ 22 "	+ 49 "
Jute ..	+ 23 "	+ 141 "
Cotton twist, and yarn	- 2 "	+ 22 "
Hides and skins, raw and tanned	+ 65 "	+ 82 "
Opium	- 1 "	+ 16 "
Tea	+ 29 "	+ 31 "
Gunny bags ..	+ 14 "	+ 58 "
Gunny cloth	+ 41 "	+ 91 "
Lac	+ 13 "	+ 90 "

the increase of value is very much greater than the increase in quantity, and in some important classes of goods the quantity has been nearly stationary or has even decreased. In the case of imports of merchandise, the increase is due more to an increase of quantity and less to an increase of price than in the case of exports; but cotton goods have risen a good deal more in value than in quantity, and this has had a considerable influence on the figures.

¹ The volume of imports was abnormally affected in these years by Government transactions in treasure. This will be allowed for later in reckoning the balance of trade against which Council bills are drawn.

² First eight months.

³ The value of these articles was about 80 per cent. of the total export trade in 1902-3 and 84 per cent. in 1906-7.

⁴ The latest year for which details are available.

⁵ The commodities are arranged in the order of their importances in 1902-3.

⁶ The figures under this head are dominated by rice, and to a less extent by wheat.

It will be noticed that the movement of the balance of trade since 1905-6 has been progressive, occurring during the same period as the rise of prices and the increase of currency, and that its disappearance had begun before the failure of the monsoon in 1907. It may be questioned, therefore, whether a too exclusive importance has not been attributed to the famine in producing the observed results. That the famine had a predominant influence is undeniable; but it must not be forgotten that the exports for 1907-8 exceeded in value those of any previous year, and that the total for 1908-9 may not be very much lower than £115,000,000. With regard to imports, the value in 1907-8 greatly exceeded that of any earlier year, and for the first eight months of 1908-9 the falling off was in purchases of treasure only and not of merchandise. This is very remarkable. India's purchasing power over foreign goods, during the recent famine, has been greater than at any previous period, however prosperous. This is most naturally explained by a high level of local price combined with a rupee artificially maintained at the usual exchange.

The unfavourable balance of trade has been rendered much greater than it would otherwise have been by the failure of crops in Northern India, although the element of monopoly has had some influence in decreasing the fall in the value of exports; and cheap silver has swollen the imports of treasure. But when these circumstances have been allowed for, an important part of the explanation is to be found in the high level of local prices. Imports were overtaking exports long before the failure of the harvests, and even since their failure the unfavourable balance has been caused by the unprecedentedly large volume of imports, rather than by a diminution in the value of exports.

We must now proceed to the next link in the chain of circumstances. We have argued so far that a large increase in the volume of currency rendered possible a rise in the general level of prices, and that this rise of price has been *one* element in reversing the balance of trade. We may now inquire by what means the volume of currency was so rapidly expanded. For this purpose the sales of Council bills by the Secretary of State in London must be examined, since it is through these bills that claims can be created against the Treasuries in India for the satisfaction of which there must be new issues of coinage from the Mint.

The ultimate balance, which is settled by the sale of Council

bills depends chiefly upon (A) the balance of private trade; (B) various payments due to remittances from private persons in India of part of their earnings, to freight and insurance, and to interest on industrial or banking investments; and (C) the volume of capital loaned to India during the year from abroad. If the balance of trade (A) is reckoned positive when it is favourable, and the sale of Council bills (D) becomes negative when Government bills are sold in Calcutta on London in excess of the sales in London on Calcutta, we shall have approximately $D = A + C - B$. It must be remembered, however, that the balance of trade, A, against which the Council bills are drawn, is the balance of *private trade*, excluding Government transactions, that the remittances exclude all remittances effected through Government, and that the new investments C are not affected by any loans which may be raised by the Secretary of State. The statistics of D and A are known, so that we can arrive at the difference C-B. The balance of private trade and the sales of Council bills¹ in recent years are given below, the excess of capital loaned to India over the various payments due from her being given in the last column.

	In £ million sterling.		
	Balance of private trade.	Council Bills.	Invisible balance for or against India.
1902-3	23	19	- 4
1903-4	29½	24	- 5½
1904-5	24	24½	+ ½
1905-6	29½	31½	+ 2
1906-7	31	33½	+ 2½
1907-8	13½	15	+ 1½
1908-9 ²	- 1	- 4 ³	- 3

These statistics show that during 1902-4 the remittances on account of interest, &c., considerably exceeded the new investments from abroad, that in 1904-5 they nearly balanced, and that during 1905-8 the investments exceeded the remittances. We see, therefore, that two distinct causes were responsible for the increasing volume of Council bills—a large favourable balance of private trade and an increased influx of capital from abroad—and that during 1903-7, the period of abundant coinage, the second of these causes was the more influential in causing the increase.

¹ These appear as a negative quantity in 1908-9 because the Secretary of State's withdrawal from the sale of bills on India being insufficient to maintain the rupee at par, it became necessary to sell in Calcutta bills on London, between March and August, 1908, to the value of £8,000,000.

² First eight months.

³ During December, 1908, and January, 1909, however, the demand for Council bills was keen.

The value of Council bills sold in 1906-7 exceeded the value of those sold in 1903-4 by £9,500,000, of which £1,500,000 was due to a more favourable balance of trade and £8,000,000, apparently, to capital transactions gaining upon remittances. The unfavourable balance of 1908-9, although primarily due to the turn in the balance of trade, is to be accounted for to the extent of £5,500,000; in comparison with 1906-7, by a diminution of the inflow of foreign investments.

The verification of this inference regarding the flow of foreign capital is not very easy. It is certain that investment from abroad in industrial or other joint-stock companies¹ has been at a comparatively low rate throughout the period under consideration, and the considerable borrowings for railways, having been mainly effected through the Secretary of State, do not affect the present calculation.² The facts reviewed in the preceding pages would, however, lead us to look elsewhere for the principal part of the explanation.

The increased volume of imports suggests that some part of the new capital has entered the country in the form of goods, but the heavy demand for Council bills shows that a large part has come in the form of what is, in effect, money. This agrees with other parts of the argument. The Indian trader has been doing a larger business at higher prices, and the credit which has enabled him to do this must have increased correspondingly. This can only have been made possible through the professional lenders increasing their loanable resources in India by the purchase of Council bills in London. A good deal would be explained, therefore, if we could find evidence that banks and others had been importing loanable capital at a greater rate than formerly, on account of the greater demand for it occasioned by rising prices and expanding trade.

Such evidence is peculiarly difficult to obtain, and is not likely to be within the knowledge of any one person. We know the total resources of the chief banks which have offices in India and raise their funds from without, and we know that the

¹ Foreign investments of this kind in India are surprisingly small. In 1905 the ordinary and debenture capital of sterling companies, exclusive of railways, working in India amounted only to £28,500,000, of which £13,500,000 was invested in tea plantations. By 1906 the amount had increased by £2,250,000; so that this factor, though not important, is appreciable and would account for some part of the increased imports.

² Most of the more important railways have some kind of guarantee and borrow through Government. There are about nine private enterprises who raise loans on their own account. During the last few years the aggregate borrowings of these companies have amounted, perhaps, to one million sterling annually.

increase to their capital, deposits, and reserve rose from an annual average of about £3,000,000 from 1900 to 1902 to an annual average of £13,000,000 from 1903 to 1906. This tendency is in entire accordance with our other facts. But these banks include some vast establishments doing business all over Asia, and the present writer has no means of knowing what proportion of their total resources they employ in India. If, however, we take the three principal exchange banks, namely, the Chartered, Mercantile, and National Banks of India, the bulk of whose business is probably Indian, the figures of their total advances, discounts, &c.,¹ given below, show that their

			£				£
1900	...	...	12,800,000	1905	...	...	22,100,000
1901	...	...	18,100,000	1906	...	...	24,100,000
1902	...	...	18,200,000	1907	...	...	27,500,000
1903	...	...	20,200,000	1908	...	...	27,300,000
1904	...	...	20,300,000				

business was, between 1900 and 1904, almost stationary, that from 1904 to 1907 it was very rapidly advancing, and that in 1908 not only was this expansion checked, but there was a slight contraction.² Assuming that this gives a fair sample of the action of the other banks and of the great private traders, we have an explanation adequate to the facts. Apart from the figures, there is strong reason for supposing that the principal banks *must* have increased their resources very largely, and that the great exporting firms found it necessary and remunerative to bring more money from abroad into their businesses. Those, therefore, who doubt the validity of the explanation must show by what other means the enormous trade of 1905-7 can have been financed.

There is one small point which may be alluded to briefly. Although the failure of the harvests was known by September, 1907, the figures show no very considerable reflux of capital before the beginning of the financial year 1908-9. It is possible that this may be explained by the fact of the accumulation of stocks in the hands of importers who had given orders in advance which they were unable to cancel, although the market for their goods had been temporarily destroyed. The holding of these stocks necessitated borrowing, and thus absorbed a part of the loanable capital set free by the failure of the harvests and the

¹ There was a corresponding increase in the cash in hand and money at call and short notice, which affects the argument equally in so far as it is held in India.

² The figures refer to the early part of the year. If we had returns up to October, 1908, covering the period during which the demand for bills was weakest, we should probably find the contraction very much more marked. The mere check to increase, however, would, in the case of these three banks alone, account for a decrease of £3,500,000 in the demand for Council bills.

consequent contraction of the export trade. Not until these debts were being liquidated did the stream definitely turn its course.

We are now in a position to complete a conjectural narrative of the course of events, so far as it can be understood from an analysis of the statistics of currency, price, and foreign trade. A great increase in the value and volume of exports in 1901-2 was followed up by a further and greater increase in 1903-4. This movement, which followed on a number of years during which the value of exports had remained on the whole stationary, was due to prosperous activity and to rising prices in the case of several important commodities, raw and manufactured cotton, wheat, rice, and seeds being, at this stage, the most important. Since 1903-4 the rise has not been great, but a decline in the export of seeds and some reaction in the cotton trade have been more than counterbalanced by the greater value of jute. At the earlier stage imports, though steadily progressing in value, did not leap forward so rapidly, with the result that a larger balance of trade remained to be met by the sale of Council bills. The new wave of prosperity seems, not unnaturally, to have required and attracted foreign loanable capital in a more ample stream than during the years immediately preceding it, and this circumstance, combining with a large excess of exports over private imports, swelled the sale of Council bills to an unprecedented extent, the influx of new capital being, on the whole, the more important factor of the two.

Subsequent developments have followed inevitably. When the Secretary of State sells bills beyond his necessities, the Mint is the source from which they are regularly met¹; and the increased sales had, as their necessary corollary, an expansion of the currency. The greater volume of trade required, no doubt, an increased currency to maintain prices at their former level; for this reason there was not immediately any great rise of price. But when in the following years the favourable balance of trade and the influx of capital combined to *maintain* the sale of Council bills high, without there being an expansion at the former rate in the total volume of trade, the new currency, which was still finding its way into circulation, could not help but raise the level of price. Indian experience during the years which followed the closing of the mints served to show that there are no peculiar circumstances in the monetary customs and organisation of the

¹ The bills which pay for his current expenses abroad are met by the rupees brought in by taxation; bills in excess of these can only be met by increased taxation, by a loan in India, or from the Mint. The third method is alone used in practice.

country which tend to hinder the natural operation of the quantity theory of money, and that the influence, which we should expect the volume of currency to exert upon the relative value of exports and imports, is actually present. This experience was beginning to be repeated after 1905-6 in the tendency, following upon an increased currency and a higher level of price, of imports to overtake exports. But before this process could go very far a season of scarcity swamped and concealed the effect of this and other agencies tending to reduce the demand for Council bills. These agencies, however, caused the demand to fall far more than had been the case in the famines of 1897 and 1900, and the Secretary of State was face to face with an embarrassment which he had not had to meet before. At the high level of price obtaining in the country imports were attracted in such volume as actually to exceed the exports; and the abnormal influx of capital was immediately checked by the depression of trade and by other circumstances in the internal condition of the country. The great volume of imports and the decreased flow of foreign capital have been almost as important factors in depressing the sales of Council bills as the check to exports caused by the unfavourable rains.

The means by which the Secretary of State has been able to diminish and for a time even to suspend the sale of bills, to cash drafts on London, and yet meet his enormous liabilities in England, amounting to nearly £20,000,000 annually, are easily explained. His first line of defence is the "Currency Reserve." This is the reserve held against paper currency; it is held partly in India, partly in London, and may be composed of gold and silver indifferently.¹ On March 31st, 1907, £10,688,841 was held in gold, chiefly in London. This gold can be used to meet current expenses, rupees to an equivalent nominal value being transferred at the same time into the reserve in India. The second line of defence is the "Gold Standard Reserve," which has been built up out of the profits from the coinage of rupees. On March 31st, 1908, this amounted to £18,350,000, of which about £14,350,000 was held in gold or invested in British Government securities in London.² These investments can be sold in London, rupees to an equivalent amount being transferred into the silver branch of the reserve in India. The third and last line of

¹ The reserve also contains securities, some part of which are sterling bonds; but I am not aware that this source of funds has been or will be utilised for the support of the rupee.

² The remaining £4,000,000 was, through mistaken policy, converted into silver during 1906-7 and thus made useless for the purpose for which the reserve had been created.

defence depends upon the Secretary of State's credit and ability to borrow on the London Money Market.

So far as can be seen the resources of the Currency and Gold Standard Reserves had been drained by December, 1908, as low as safety permitted, and authority was obtained from Parliament to borrow, if the necessity for it should arise. Since that time the revival in the demand for Council bills has rendered such steps unnecessary.

These means of obtaining cash in England for immediate purposes result, it will be noticed, in the withdrawal of rupees, to an equivalent value, from circulation in India. By March, 1908, nearly 115 million rupees had been withdrawn into the currency reserve by the release of gold, and by December, 1908, the figure had risen to 154 million. In March, 1908, it had not been necessary to trench upon the Gold Standard Reserve; but by the end of November about 130 million rupees had been withdrawn by the sale of gold and securities. Altogether, therefore, these measures had the effect of annulling, approximately, the issues of 1906-7 and the first half of 1907-8, and of reducing the total circulation to the figure at which it stood in 1906.

It may be added that a railway loan, raised by the Secretary of State in this country, in so far as it is not immediately expended on importing rails and rolling-stock, is equally efficacious in enabling him to meet his current expenses. But it withdraws no rupees from circulation in India; in fact, it disseminates them; and is, therefore, an unsafe procedure at such a time as the present, unless its results are very carefully watched. During the last year railway loans have filled up, to some extent, the deficiency in the receipts from bills, and they seem likely to do so to a greater extent in the future.

III.

The whole of the preceding argument may be briefly summarised. We have seen a large increase of coinage, accompanied by rapidly rising prices, followed on the one hand by an increase of imports relatively to exports, and, on the other, first by unprecedented sales of Council bills and then by a collapse which would have led to a fall in the exchange value of the rupee but for the drastic action of the Secretary of State. We have argued that all these circumstances are only different sides of the same economic event. A prosperous export trade and a movement of capital towards India stimulated the sale of Council bills. By their encashment the volume of currency was increased and the

tendency to rising prices, due in its origin to a variety of causes, thus permitted to continue. Finally, a failure of the harvest served to precipitate what might in any case have occurred later. Exports could not keep pace with the fast expanding imports, the inward stream of capital ceased to flow, and, as India had no ready supply of gold with which to meet her debts, her coinage must have become depreciated if it had not been for the Secretary of State's resources.

The objects of this paper have been entirely those of analysis and no attempt will be made here to propose remedies. The Indian Government have not yet hit on an ideal system, and they should not rest content with the knowledge that many of their newspaper critics are wide of the mark. One point may be recommended to the notice of the latter. The flow of capital into India, which is admittedly of the first importance for the country's economic development, is always likely to be followed by rising prices; and it is not at all improbable that present circumstances are largely due to such a cause. Indian politicians are fond of ascribing high prices in India to the "drain" through which the Government meets its liabilities in England. As a matter of fact, the reverse is the case; the Secretary of State's need for remittances tends to keep prices low, and it is the influx of foreign capital, the "drain" from England into India, which drives them up.

With regard to the immediate future, it is not easy to prophesy. It must not be forgotten that recent circumstances have been exceptional, and due to the addition of seasonal troubles to more permanent influences. It is quite likely that prices will not fall appreciably for the present, and that as trade recovers the rupees now accumulated in the reserves will find their way again into circulation. Whether or not this will occur chiefly depends upon how far the flow of capital into the country revives. If the writer were asked to name the principal cause of the recent rise in the cost of living, he would point to the rapid influx of foreign capital, stimulated in the first instance, no doubt, by activity of trade. Apart from the fluctuations of the seasons, the Indian level of prices is most influenced at the present time by the extent to which Europe makes her investments there.

J. M. KEYNES

THE PRESENT POSITION OF THE IRISH LAND QUESTION

Two rather dissimilar groups of problems are pressing for solution in respect to the Irish Land Question. On the one hand the difficulties that surround the system of purchase set up by the Act of 1903, which are the outcome of the changed condition of the money market, must be faced. If no completely satisfactory solution is possible, a "compromise" one has to be provided. On the other hand, the Report of Lord Dudley's Commission and the pressure of the Irish members bring the treatment of congestion and the improvement of the western counties into the foreground.

A special aggravation of the work in each case is the fact that money is needed just at the time when the calls on the public purse are increasing, and the revenue, to say the least, shows no elasticity.

In regard to land purchase, the problem, stated broadly, is to arrange that the inducements given to landlords and tenants by the Act of 1903 shall not be so completely removed as to stop the process of land transfer, while, at the same time, the loss to the State shall be kept within due limits. Under the provisions of the Wyndham Act the terms of purchase were so favourable that transactions to the extent of £80,000,000 have been agreed to. But little more than one-third of this sum has been distributed; the remainder is still to be obtained from the money market by the State. Borrowing on the plan now in force means, at present rates, a loss of nearly 15 per cent. on all the stock issued, thus creating a permanent burden on the funds provided to meet the cost of the flotation. By an extraordinary oversight the ultimate liability was placed upon the Treasury grants to Irish local authorities; though it is probable that the earlier Act of 1891 supplied the model for this guarantee. Assertions that the claim was never intended to be enforced are evidence of either (1) intention to mislead the British taxpayer, or (2) an erroneous estimate as to the probable course of events. The success of the Wyndham Act

in respect to the encouragement of land purchase has been sadly marred by the blunders that mark its finance.

Two or three points seem perfectly clear: there must be an alteration of the now existing terms of advance. The present rate of the tenant's annuity ($3\frac{1}{4}$ per cent.) will need to be raised to $3\frac{1}{2}$ per cent. in order to meet the interest on land stock and provide for the repayment of the principal. Public opinion in Ireland has become so accustomed to the terms established since 1903 that the supply of all the capital needed for the buying-out of the whole of the land of Ireland at $2\frac{3}{4}$ per cent. is regarded, if not as a law of Nature, at least as a duty of the British Government. It is curious to see the growth of this system of advances. Beginning with the loan to Church tenants of two-thirds of the value of the holdings that they purchased, it expanded into the supply, first of three-quarters, then of four-fifths, then of the whole (one-fifth being retained as a temporary guarantee), until even this retention was abandoned in 1903. The framers of the "Bright" clauses of the Church Act of 1869 would have looked with dismay on the development of their idea of aiding the thrifty tenant to buy his holding through the use of public credit. The special feature of the period from 1885 on to the close of the century encouraged the complacent belief that cheap capital would be always available and freely supplied by the State. A premium on Consols appeared to be the normal condition, and one on which important political measures could be safely made to depend. In the entire reversal of the monetary situation is found the conclusive reason for an adjustment of the terms of advance set up in 1903. As the law stands, the considerable loss attendant on raising funds by the issue of stock must fall on the Irish ratepayer by the almost automatic proceeding of deduction from the Exchequer grants. This situation is recognised as unbearable; the only difference of opinion is as to the mode of relief. Either contributions from the general revenue, which, in the already strained state of national finance, could hardly be made permanent, or the revision of the amount payable by purchasing tenants form the only available alternatives. The Government Bill of last year, which is about to be re-introduced in the present Session, appears to provide a reasonable and even a liberal solution. It accepts liability on the part of the State for all agreements actually concluded; but it places future bargains on the sounder basis of an annuity, calculated at $3\frac{1}{2}$ per cent., including sinking fund. The general principle is, however, complicated by the adoption of the unfortunate plan of using stock instead of cash (1) for part of the payments on com-

pleted agreements, and (2) for future transactions. In the former case there is the appearance of a breach of faith, though it must be confessed that the delay in making payments to landlords which exists at present is, substantially, the same grievance. One of the many instances of the carelessness that marked the preparation of the Wyndham Act is the omission from it of any section limiting the annual amount of advances; though the financial groundwork of the measure was the bargain with the Treasury that only five millions *per annum* should be raised in the first three years. A statement made in debate (the course taken by Mr. Wyndham) has not the binding effect that was clearly necessary in a matter of such importance. But it *does* show that the fixing of a limit was recognised as financially imperative. As four millions in cash is to be available each year for the purpose of liquidating the accumulated arrears of purchase transactions, it may be said that the Treasury is keeping its private bargain with the Irish Secretary, though this affords no satisfaction to the landlords and tenants affected thereby.

On due consideration of the different interests involved, it seems that the Government proposal, while somewhat hard on those who have completed their sales, is rather generous in the relief of the Irish ratepayer and prudent in its revision of the terms to obtain in the future. Probably the British taxpayer is the person really aggrieved, as he was assured that the transaction involved only a limited liability. His sole consolation is that this has been his usual experience in these Irish matters.

Nevertheless, it is absolutely certain that all parties in Ireland regard any increase in the annuity charge as destructive of the settlement of 1903 and, therefore, as a serious, perhaps fatal, blow to the hopes of agrarian peace in Ireland. A few millions more would, it is thought, be a good investment likely to yield a high dividend in order and security. The broader view of the statesman should, we are told, supersede the narrower one of the financier.

In like manner the additional sum suggested for the new graduated *bonus* is declared to be insufficient; the former scale of 12 per cent. will be pressed on the Government by all Irish parties. Otherwise, it is said that the chief inducement to life tenants having disappeared by the removal of what was their special perquisite, for the *bonus* covered the expenses of selling, including the usual fee of 3 per cent. to negotiating agents, transactions will practically come to an end. In the Government plan the *bonus* scale varies with the price, but in the opposite direction. A sale at seventeen years' purchase obtains 16 per cent. *bonus*, one at

twenty-five years nothing. It is almost certain that this complicated arrangement will have to be abandoned for something simpler. The real *crux* is to find the money for setting up what would be regarded by landlords as an adequate premium on sale.

The administrative difficulties attendant on a "speeding-up" of the work of land transfer are still minimised, if not altogether ignored, and yet their frank recognition would have the advantage of suggesting the wisdom of a definite limit to the amount of purchases *per annum*. Investigation of titles and inspection of boundaries, together with inquiries as to value, contemplated in the new Bill need a skilled staff, which cannot be indefinitely enlarged. The completion of sales to the amount of £7,000,000 probably represents the annual *maximum* that can be attained. This is, at all events, the result that experience affords.

A governing condition which narrows the possibilities of amendment in the direction desired in Ireland is the general financial situation. Large Exchequer contributions are out of the question; the burden of old age pensions, specially heavy in the case of Ireland, has to be met. The Treasury will this year possess the effective plea that the net Irish contribution for Imperial purposes has come to the vanishing point. Moreover, the influence of issues of land stock on the price of Government securities (even Consols) is so widely recognised that any large loan, or a series of loans, would be severely criticised.

The development of land-purchase finance is further limited by the attempt to deal with the second set of Irish land problems—viz., those that centre round "congestion." For many years the western counties have been a cause of anxiety and heart-searching to statesmen responsible for Irish government.

The creation of the "Congested Districts Board" in 1891 was the outcome of the Balfour Administration. Its functions were the improvement of the areas in which small holdings and relatively large populations, coupled with a low valuation, were found. The western seaboard supplied the chief scene of its operations, though almost the whole of Connaught was included. Fisheries, agriculture, and domestic manufactures were taken in hand, estates were bought in, and unsuitable (what are now called "uneconomic") holdings were redistributed. But the work of the Board was limited by the small amount of funds at its disposal, as well as by the absence of compulsory powers of purchase. To deal with the conflicting interests involved both money and authoritative intervention were needed. The careful and thorough inquiries of the Commission, presided over by Lord Dudley, and

the proposals put forward in its Report have made it incumbent on the Government to take some further steps in the direction of providing a systematic plan of economic reorganisation. It may be taken as conceded on all hands that the present condition cannot be allowed to continue, but here agreement ceases. The simple policy of voluntary sales under the Wyndham Act, the needful capital being supplied at the rate of $2\frac{3}{4}$ per cent., no matter what the condition of the market may be through the use of State credit, has received the support of the landlord interest. It is, however, plain that no Government could accept this solution. The difficulties, financial and political, are too great; if public funds are to be used it must be for the promotion of a great public end. To secure the sanction of Parliament there must be agreement with the Irish representatives. The other mode of treatment presents equal difficulties; it practically amounts to a complete reconstruction of the agricultural economy of the whole West of Ireland. The Dudley Commission, evidently impressed by the condition of these districts, recommended the redistribution of the larger farms, and the establishment of a uniform type of holding of about £10 valuation. This class of farm appeared to the Commission to represent the true "economic holding" as adjusted to the nature of the Connaught peasant. What seems to have chiefly weighed on the minds of the Commissioners was the relation of the population to the available land. They admit that the £10 standard is too low (*Final Report*, p. 48); but they plead the "shortage of land," and try to minimise the evils that the destruction of varied types of cultivation is likely to produce. Besides, paternal supervision and proper technical training may, they think, be expected to meet the danger of stagnation that uniformity in area of farms might produce. The Government scheme is based on the Report, it adopts the general idea, and it accepts the machinery of a reorganised Board with a large elective element for the task of administration. The power of compulsion is necessarily to be granted to this authority, a condition which naturally excites the apprehension of every landowner in the west.

Regarded from the economic standpoint, it is clear that the plan of solving the question of "congestion" by a quasi-paternal system is exposed to serious objections. Firstly, it is certain to prove expensive; a public body does not buy cheaply, nor does it work rapidly. The money and time required for breaking up the large and consolidating the small holdings will be considerable, while the process will lead to a good deal of friction. Again, it is very doubtful whether the conception on which the whole plan

rests is justifiable; the phrase, "an economic holding," sounds very well, but on closer examination it presents decided difficulties. Mere area or valuation, apart from the capacity of the occupier, affords no criterion of the economic standard of a farm. Even if we accept the idea of a typical economic holding, it is hardly open to dispute that wide divergences from the norm are in many cases desirable.

But, in truth, the most primitive agricultural society needs more than one economic form, and with the growth of markets this tendency towards the development of connected, though distinct modes of working land becomes more pronounced. Perhaps the most instructive evidence in the voluminous documents of the Dudley Commission is that on the relations that the cattle trade has developed between the small and the large farmers. Without this co-operation the pressure on the former class would be far greater than it is. Moreover, the credit system has been adjusted to this mode of dealing, and the removal of more than one important section from the agricultural organisation would probably dislocate the trade on which even the small farmers depend.

Another consideration of the highest importance is the widening of opportunities for the capable agriculturist. The complete abolition of the large farm would destroy his chances. In doing so it would remove the best hope of progress towards a higher standard of life. The needs of the existing population are not the only claims to be taken into account; a temporary improvement would be dearly bought at the price of a permanent decline.

On these grounds it may be held that, while the financial collapse of the Act of 1903 imposes the duty of legislation, this should for the present be confined to meeting the pressing question of the new terms of purchase together with further aid towards the work of improving agricultural methods. Whatever may be the political reasons, and they are always powerful in Irish affairs, the economic result remains untouched—viz., that any comprehensive application of paternal regulation will, in all probability, turn out to be an expensive as well as a troublesome failure. With the many calls on the State a little delay would prove the most prudent course, though it would not satisfy either landlords or tenants in Ireland.

C. F. BASTABLE

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C. F. BASTABLE

REVIEWS

The Evolution of Modern Germany. By WILLIAM HARBUTT DAWSON. (London: T. Fisher & Unwin, 1908. Pp. xvi + 503.)

THE economic growth of Germany from 1871 to the present day is the theme of Mr. Dawson's book. He has studied his subject with great care and has thoroughly mastered it, so that his picture is a true one, true in fact and true in perspective. Moreover, the book has the great merit of being readable.

What above all else stands out as the characteristic of German development during the last forty years is that it has become an industrial State on a large scale. Factories have increased in number, coal mines have been worked more and more, and the working classes in the towns have grown in numbers from year to year. To all these points Mr. Dawson gives much attention, and his information is full and reliable. His own description of conditions is supplemented by extracts from German sources and illustrated by tables of figures. He has utilised the valuable official German statistical reports to good purpose in almost every one of his chapters.

How and why has this economic change in Germany been brought about? Mr. Dawson lays stress on a point which is often forgotten in this country, viz., that "industrial Germany is the child of industrial England." It was English brains and English capital that helped to set the wheels of German industry going, and now their speed has almost reached that of their English competitors. Mr. Dawson might, perhaps, more clearly have pointed out that the steady growth of German industry was not due to chance. Germany was an agricultural country with an increasing population; its soil, on the whole, was not particularly fertile, and, therefore, it could not feed this growing population. Emigration to any very large extent was impossible. Therefore there was nothing for it but for the surplus popula-

tion from the country-side to flow into the towns and participate in industry. As one German economist put it, Germany must send out either commodities or human beings into the markets of the world. Since it had no over-sea empire, it could not send out human beings; it therefore turned its attention to the manufacture of commodities.

How successfully it has done this is brought out exceedingly well in Mr. Dawson's chapter on "the personal element," where he considers some of the reasons for the success of German industry. The German strives harder than the Englishman; he is keener; he tries to suit his customers better; he enjoys greater opportunities for technical education. Mr. Dawson might have added, he also works longer. The German works six and a half days a week, where the Englishman works only five and half. When Mr. Dawson reckons the influence of the Emperor as one of the factors in the success of German industry he is probably giving importance to a point which possesses none. The Emperor's personal interests are so extensive that it is not surprising that he should wish to be informed on all questions concerning industry. But his influence on its development may be doubted.

The section dealing with capital and its relation to labour is good. A very clear account is given of the various German trade unions and of the syndicates. Mr. Dawson is at pains to show that capitalism in Germany is gradually extending its hold on all industries, and his judgment on this question is sane and well-balanced. But there is a serious omission in his treatment. He does not pay attention to the banks and their influence; he does not describe their growth, which, indeed, was extraordinary, and which serves as an index for observing the growth of German industrial activity. Thus, the Deutsche Bank, founded in 1870 with a capital of 15 million marks, possessed a capital and reserve fund of 54 million in 1880, of 103 million in 1890, of 199 million in 1900, and of 301 million at the present day. It has 43 branches in Berlin and its neighbourhood, and also establishments in London, Bremen, Dresden, Frankfurt, Hamburg, Leipzig, Munich, and Nuremberg. Its growth has certainly been phenomenal, and the other great banks, such as the Dresdner, the Darmstädter and the Discontogesellschaft, have not remained far behind. This aspect of German economic development is surely of importance, and it is a pity that Mr. Dawson has not dealt with it.

But while German industry rightly comes first in Mr.

Dawson's book, German agriculture receives full treatment. The chapter on the rural labour problem not only gives excellent scientific information, but also makes it clear what influence the Junker party has in Germany, and how reactionary that influence is. It is largely due to that, as Mr. Dawson shows, that in the social legislation of the past forty years the agricultural labourer has been almost entirely neglected. This particular chapter reads much like a romance. But in spite of reactionary measures from above, there is a good deal of co-operation among the farmers themselves, and this is one of the most hopeful signs in German agriculture. Mr. Dawson deals with this subject as fully as it deserves; so, too, with the population question, and with that of small holdings.

The last section of the book is devoted to an account of the desire for national expansion in Germany, and the results of that desire in the wish for colonies and for a large navy, and also its effect on home legislation, more especially its effect on the finances. It is all very full and most informing, the story of German colonial policy being carried down to the present day.

Naturally the position of the Social Democratic Party receives some consideration. It is interesting to note that Mr. Dawson shares the view of Schäffle (in his "Three Letters to a Statesman") that there is small chance of the realisation of the Social Democratic ideal in Germany. "Of all the futile spectacles offered by German political life," he says, "none is so strange or so tragic as that of a huge party, numbering now three and a quarter million adults, engaged year after year, and decade after decade, in the vain task of beating the air." His reason for this is that Socialism does not know what it wants.

The book ends with an excellent chapter on the Polish question, a matter of no little importance in modern German politics.

Mr. Dawson's book is thoroughly trustworthy and interesting. We hope there will be a second edition. If there is, we should like to suggest to Mr. Dawson that an enlarged index would add considerably to the value of the book; that "three- or four-fold" is a Teutonism which is best avoided; that "foreigner" is surely a better word than "outlander," on page 105; and that the *Kreuz Zeitung* will probably mean more to his readers than the *Cross Gazette*. These, to be sure, are all small points; but it is a pity that they should be found in a book which reaches such a high standard of excellence. It is a book which we can heartily recommend; it is a mine of information, valuable and

scientific, on all aspects of modern German economic life, and will prove useful to the general reader no less than to the specialist.

M. EPSTEIN

Collectivism: A Study of Some of the Leading Social Questions of the Day. By PAUL LEROY BEAULIEU. Translated and abridged by Sir Arthur Clay, Bart. (London: John Murray. Pp. 343.)

It is now almost a quarter of a century since the publication of the first edition of M. Paul Leroy Beaulieu's *Le Collectivisme*, and the appearance of Sir Arthur Clay's excellent though abridged translation is to be welcomed as making the gist of this masterly critique of modern Socialism, by the great French economist, available to a wider circle of English readers.

Collectivism is taken, as defined by Schäffle, to mean the substitution of State for private ownership of the instruments of production as distinct from the products—of production capital as distinct from consumption capital—and of State authority for private competition in the organisation of industry, as well as in the distribution of the products to the workers in proportion to the quantity and the value of their labour (pp. 4, 155).

It is, as M. Leroy Beaulieu remarks, to the negative side of Collectivism rather than to the positive—to the criticism of the abuses of the existing capitalistic society rather than to the exposition of the system by which they propose to replace it—that Collectivist writers have hitherto devoted most attention. Just, therefore, as *Das Kapital* is the standard work on the critical side, so our author adopts Schäffle's *Quintessence of Socialism* as the best exposition of the "positive" side of the doctrine of Collectivism—"the only attempt that has been made to give any definite idea of the proposed reconstruction of society" (pp. 154, 246). Readers will, however, observe that, while in the earlier parts of this work M. Leroy Beaulieu speaks of Schäffle as advocating Collectivist doctrines (p. 13), he later on expressly recognises Schäffle's disclaimer of the idea that the *Quintessence of Socialism* is to be taken as anything more than "an impartial exposition of the practical working of a new society formed upon the principles of Collectivism," in no way voicing his own personal opinion as to the practicability of the programme (p. 245).

Taking Collectivism first in its more limited form, or that which would nationalise only the land and other natural agents and forces, M. Leroy Beaulieu examines in turn the different

historical or existing systems of collective ownership of land, and different schemes of land nationalisation. In the course of this survey, he shows conclusively that the substitution of individual for collective ownership of land has gone hand in hand with the improvement in agricultural methods and the increase in production; while the dogma of the "unearned increment," whether in the case of rural or of urban landed property "is but a figment of the brain of certain philosophers, who have assumed that a fortuitous combination of circumstances existing at one moment of history was a normal condition" (pp. 77-80). Far from it. Rural landowners as a class have not during the last century received in the way of rent even a moderate rate of interest on their capital sunk in improvements (pp. 20, 88), while as regards urban land, "History abounds with the names of majestic cities which have altogether disappeared or are now represented only by little boroughs" (p. 82).

In the second part of the work M. Leroy Beaulieu proceeds to the discussion of Industrial Collectivism. The first three chapters contain a trenchant criticism and exposure of the Marxian critique of the existing individualist system as it appeared to Karl Marx and Lassalle, while the remainder is devoted to a critical examination of the positive side of Collectivism as set forth by Schäffle, *i.e.*, the proposed Collectivist system which is to replace Individualism. The difficulties involved in a Collectivist *régime* have often been exposed, but surely never with more telling effect than here.

But the opening years of the twentieth century have seen Socialism pass once for all beyond the stage of indiscriminate acceptance of the Marxian theory. It is to these newer developments, including "Socialisme réformiste" and "Solidarisme" ("a variety of Socialism with a decorative name") that M. Leroy Beaulieu turns in the third part of the work. Marx's leading positions, both historical and theoretical, have been emphatically repudiated by the "opportunists," who now form the dominant Socialist school, represented, for example, by Millerand and Jaurès in France, Bernstein in Germany, and the Fabians in England. The faithful Marxians, headed by Guesde, Kautsky, and Hyndman, are now intellectually a discredited body.

A large measure of the credit of this achievement belongs to the Socialist Bernstein, a former disciple of Marx, and the friend of Engels. But, as was pointed out by his opponent Kautsky, in all the leading positions of his criticism of the Marxian doctrine he had been anticipated by M. Leroy Beaulieu in the earlier

editions of this work. At the same time, "whilst very little attention was paid to criticism of Marxism so long as it emanated from economists, public attention was at once attracted when similar criticisms were uttered by a prominent Socialist" (p. 248).

It is clear then that, though for propagandist purposes the Marxian doctrine may be retained, Marxian Collectivism or "scientific Socialism" is intellectually an antiquity. But the menace to society is, as our author observes, greater than ever. The differences amongst Socialists are of little practical importance. "Complete Collectivism is the ideal which, consciously or unconsciously, they all pursue" (pp. 287, 326). Bernstein, Millerand, Jaurès, and the Fabians have but substituted for the Marxian method of a catastrophic proletarian revolution the policy, which in practice is infinitely more dangerous, of a slow and gradual approach to Collectivism by means of municipalisation and nationalisation of industries, class legislation for the benefit of the labourers and their unions, and progressive taxation "initiated with deceptive moderation."

Whatever the method of approach, the end is the same, and under such a *régime* M. Leroy Beaulieu concludes that individual liberty and dignity must disappear. Such is the view of the most distinguished representative in France to-day of the classical or liberal school of economists—a school the members of which, it must be admitted, have generally been characterised by an optimism somewhat too robust to commend itself to many economists in this country. Our author is true to the traditions of his school in his profound belief in individual liberty and distrust of State interference. His criticism of the Collectivist doctrine, however, is not based merely on *a priori* principles, but is rendered all the more effective because it is supported by an unusually wide knowledge of, and great facility in the use of, the facts of industrial life.

The translation gives a very able and faithful, though much abridged, rendering of M. Leroy Beaulieu's argument. The loss inevitable in translation and abridgment appears to us to have been, in Sir Arthur Clay's hands, reduced to a minimum. There has, however, just appeared (January, 1909) a fifth edition of *Le Collectivisme*, augmented by the addition of a fourth book, denominated *Le Syndicalisme—La "Nouvelle École"* (1908). It is to be hoped that Sir Arthur Clay and his publisher will be able to add the substance of this new part to the next edition of his excellent and serviceable translation.

ARCH. B. CLARK

Socialism in Local Government. By W. G. TOWLER. With Introduction by Captain H. M. Jessel. (London : G. Allen and Sons, 1908.)

THE publication of this volume was promoted by the London Municipal Society, of which Mr. Towler is the Secretary and Captain Jessel the Chairman. When it is remembered that this Society is the headquarters in London of the municipal Conservative, or the Municipal Reform Party, as it is now called, it is clear that this work must be regarded as a frankly partisan publication. In this, however, there are definite advantages ; for it is becoming more and more difficult to treat social questions without party bias, and the reader ought to be in a position to make the necessary allowances for it. The author in this case cannot be accused of that insidious method of attack which consists in pretending to give both sides of the argument with absolute impartiality whilst in reality being only concerned in attempting to influence the reader's mind in one direction, for no one after reading this book will have the impression that he has heard all that can be said in favour of Socialism.

The main aim of the author is to indicate the advances which are now being made by Socialists by means of the capture of English local government machinery. In the earlier chapters, the history, extent, and financial aspects of municipal trade are dealt with, the conclusion being that "by an efficient system of franchises a far greater financial gain than any claimed by municipal traders would accrue to the ratepayers" (p. 82). As to the relative price and quality of goods sold by municipalities and private companies, we are told that the information available "is wholly insufficient to enable a sound opinion to be formed on the point" (p. 94) ; and yet the author cannot resist the temptation of quoting figures telling in one direction only. As to labour and politics, it is stated, as regards private and municipal management, "that we do not find as yet any serious difference of treatment as regards hours of labour and rate of wages" (p. 319), though little positive evidence on this question is quoted. In fact, we may heartily agree with the author that it is of prime importance that a Royal Commission on Municipal Trade should be appointed.

The remaining chapters deal clearly but briefly with various more general subjects, including Socialism in the Poor Law, the right to work, and the municipalisation of the drink traffic. The failure of municipal housing and municipal works departments

is, in the author's opinion, clearly demonstrable. Socialism in education is also discussed, the view being expressed that, as regards various protective measures, the "parents should pay, or, if unable to do so, should be controlled and regulated by the State as inefficient" (p. 266). The author is perhaps wise in avoiding the subject of eugenics, but in reading this chapter one cannot but suspect that future generations will look back with astonishment at a period when the advantages of the State taking away children from their parents in certain circumstances was fully recognised, whilst the public were blind to the even more cogent advantages of preventing such parents from producing more children to be ill-fed and neglected. In dealing with national character and progress some of the assertions are overstrained. We may, however, agree that we shall have reached the perilous stage in the progress of Socialism when the citizen is "beginning to lose faith in himself, and to look to the State as father and mother of all"; and it is to be feared that there is some ground for asserting that "this loss of self-reliance has become most marked during the past two decades" (p. 139).

The book is well written, and the author carries his readers readily along with him. It is a work intended for the general reader rather than for the economist. Probably the author's main object was to write a text-book which would serve as a guide to those who wish to take an active part in municipal electoral campaigns on the anti-Socialistic side, and for this purpose it is admirably suited.

LEONARD DARWIN

A History of the English Agricultural Labourer. By DR. W. HASBACH, Professor of Political Economy in the University of Kiel. Newly edited by the author and translated by Ruth Kenyon, with a Preface by Sidney Webb, LL.B. (London: P. S. King and Son, 1908.)

TEACHERS and students of economic history will be glad to have Dr. Hasbach's monograph on the English agricultural labourer made more accessible in an English version. In the first chapter, which has been re-written so as to embrace the results of much recent research, an attempt has been made to sketch in the earlier history of agricultural labour from the Conquest to the eighteenth century. But the main scope of the present work is more accurately expressed by the title of the German edition of 1894, *Die englischen Landarbeiter in den*

letzten hundert Jahren. It is in Dr. Hasbach's instructive survey of the voluminous agricultural controversialists of the eighteenth and early nineteenth centuries, and in his expert guidance through the mazes of the endless Government reports issued since 1832, that his main contribution to our knowledge lies. The story of the degradation of the agricultural labourer has been often told before from different points of view, never perhaps with so complete and scientific an array of authorities, and it is a dark story. But however clearly he may recognise the desirability of a scientific diagnosis, the patriotic reader will be apt to wince when he sees the wounds of his country handled by a foreign expert, and to grumble ungratefully that the family doctor would have better understood the constitution of the patient.

This feeling will be strengthened by the somewhat sweeping judgments as to the general course of English social and political history which emerge now and then in the background of the investigation, such, for instance, as the statement that "Henry VII. or Henry VIII. might have ventured to abolish the Justice of the Peace or put limits to his power" (p. 37); or that "it was hoped that by means of free trade the Continental nations could be kept in the agricultural stage of development, and so take off the products of English industries: an idea which could never have been entertained if the laws of economic development and the actual state of the facts had been better known, or even if Hamilton and List had been read" (p. 50); or that "the Reformation robbed them ['the lower classes'] of the institutions which had helped them in their times of need, and Parliamentary government produced a class domination which took their land from them, threw on them a great part of the burdens entailed by trade wars, and Colonial wars, and pitilessly abandoned them to the storm which broke over them with the rise of the great industry" (p. 70).

If the last statement represented the whole truth it would indeed, as Dr. Hasbach says, be remarkable that the lower classes should have accepted the convictions of the middle classes as to the advantages secured by the Reformation and the Revolution. But on Dr. Hasbach's own showing, the middle classes were just as much deprived of the land as the lower classes. The really remarkable thing is that the middle classes, once so influential, should have acquiesced so quietly in their own expropriation. The suggestion forces itself upon the mind that they must have had some interest in the process. And Dr. Hasbach furnishes evidence that they had. We hear of "the attraction which the

great industry then just developing exercised "on capacity, enterprise and capital," and of "the wealth that was to be made in industry," leading the yeomanry to invest their capital in it. We are told that "where a spirit of improvement first broke out the yeomanry sold their land in order to acquire sufficient capital to rent a large farm" (pp. 104-5). With natural causes like these at his disposal it is surely not scientific for the economist to seek the explanation of the changes in agricultural organisation during the eighteenth century in "*first*, the more luxurious standard of life adopted by the landlord class, and their consequent need of a larger income; *secondly*, the enclosures, for the most part the results of that need; then the increased price of provisions to which the enclosures contributed; next, the system of the large farm pioneered about the same period; and, *finally*, the new method of cultivation which demanded men of a different class and larger capital" (p. 103).

This is putting the cart before the horse. Luxurious standards of life and the need of a larger income are not the efficient causes of agricultural improvement or indeed of anything but bankruptcy. They produced the latter effect in France during the same period. Arthur Young informs us that whilst land in England paid on the average the same rent per acre as in France, it furnished in addition a profit to the improving farmer, and produced from 50 to 100 per cent. more food for the non-agricultural population. For a country whose population had doubled within a century these were highly important economic results. Why should they not have had economic causes? The political and social motives that led men of wealth to invest in land need not be denied as long as it is admitted that such motives did not counteract, but co-operated with, and were even subordinated to, economic motives. That this was so is implied in the statement that the trading classes bought up land to secure social prestige, and then applied hard commercial principles to the management of it. Making every due allowance for the working of special social causes, the disappearance of the small capitalist in agriculture is in the main to be attributed to the same causes as the disappearance of the master craftsman before the great industry.

Behind these two mutually dependent aspects of English economic development lay social and political conditions, the absence of which was the main hindrance to the economic progress of France. But the general effect of these conditions had been, not so much to secure the domination of any particular class, as to promote, in a higher degree than was to be found in

any contemporary nation, the free play of economic forces, to stimulate the ambitious element in all ranks of society, to preserve a free upward and downward flow, and so to produce an elasticity of class formation which readily adapted itself to the possibilities of economic expansion instead of rigidly determining them. It was these conditions and not either the benevolent wisdom of Tudor despots on the one hand, or the heartless Whig policy of *latifundia* on the other, which enabled the yeomen to buy out the thriftless gentry in the sixteenth century, and invited an enterprising gentry in the eighteenth century to buy out an antiquated yeomanry. The spirit of individualism and *laissez-faire* was not created by Adam Smith. Any student of the manorial records of the more progressive parts of England will know how freely the economic forces of every period since the thirteenth century have operated upon the holding and the ownership of land, and the general effect of recent research into enclosures is to show that changes which were once thought to be spasmodic and of late date had been proceeding slowly and steadily for three or four centuries. Those who ponder these things find themselves in the presence of tendencies which are not easily directed or controlled by legislation.

But undoubtedly the weak point of our individualism is the harshness with which it bears upon the economically weak, especially in transitional periods. That this fact constitutes our most pressing social problem is now so generally recognised that Dr. Hasbach's special study of the darkest period in the history of the agricultural labourer is peculiarly timely and useful. The labourers, as Dr. Hasbach truly remarks, are "a passive class, whose history has for the most part been made by other classes." In the strictest sense of the term indeed (which implies common aims and institutions), they have never, except for short periods in the fourteenth and the nineteenth centuries, been a class at all, but only a residuum depleted of all its stronger elements by the attractive force of the classes properly so-called. 'A residuum has no continuous history, and though a study of its fortunes at any period may afford great instruction to the statesman and the social reformer, it does not furnish favourable ground for a retrospective view of the development of the more organised and successful classes.

A few minor points may be noticed. The bordars and cotters of Domesday, whose number almost equals that of the villeins proper, must have lived by hiring out their labour, as their holdings were inadequate to support them. The estimated increase of the

population from two millions at Domesday to two and a half millions at the beginning of the fourteenth century seems inadequate to account for the social changes admittedly produced, or to allow for subsequent depletion by the pestilence. The inconsistency discovered (p. 136) in Adam Smith's account of the relations of wages to prices is more apparent than real. Writing in 1776, and taking a long retrospect of a century, Adam Smith considered that the purchasing power of wages was on the whole increasing. He was aware of the rise in prices of foodstuffs in the previous ten years, but in taking a longer view he regarded it as a temporary fluctuation. A serious slip (probably made in translation) occurs on p. 32. The export of corn without licence was allowed by the Act of 1436-7 *until* (not *when*) prices reached a certain height. The translation seems upon the whole to be well done. A useful bibliography forms one of the seven appendices.

GEORGE UNWIN

Problems of Unemployment in the London Building Trade. By NORMAN B. DEARLE. Toynbee Trust Essay. (J. M. Dent and Co.)

MR. DEARLE'S title is significant. Unlike such general terms as "The Unemployed," or "The Problem of the Unemployed," "it is intended to suggest the complexity of a number of parts in a single whole, and the necessary analysis of the conception into its component parts." The character of the book is very fairly summed up in this phrase. Its defect lies in an occasional lack of guidance as to the proportions in which the parts must be recombined to form the complete whole. Amongst the multitude of interacting forces the reader is sometimes puzzled to know in which direction he is expected to look for the final resultant.

Of the value of the book, to which Mr. Price contributes an introduction, there can be no doubt. One of the great difficulties which hampered the recent experiments in dealing with the unemployed in London was the exceptionally severe and prolonged depression in the building trade, which caused the pressure of distress to continue almost unabated long after industry in general had shown marked improvement. Both for the purpose of forecasting the future and for deciding upon present remedies it soon became desirable to know more precisely what had happened and what was likely to happen in that trade.

For the answers to these questions Mr. Dearle's book provides a wealth of material. He discusses in detail the various

factors affecting the amount of unemployment in the different branches of the trade—recent changes in area, extent, and composition; long period variations; permanent changes of method; seasonal fluctuations; and the general irregularity with which even a constant amount of work is distributed amongst different firms, and which, when combined with a haphazard method of engagement, is the chief cause of the predominance of casual labour, and of the failure of the supply to adjust itself to any decrease in the demand. These last tendencies are increased by defects in the method of entrance to the trade and the training of the younger members. Many of the skilled branches tend to be recruited from the provinces, where a practical general training is more common. This has two results. The London boy takes up chiefly the unskilled branches, and the provincial immigration continues even when the tide of prosperity has turned.

The chapter on changes of area is disappointing. Perhaps the materials for comparison do not exist. Since Mr. Dearle, for reasons given, confines himself mainly to the County of London, and treats that area as a single unit, he can throw but little light on the question how far the site of building activity (allowing for clearances, rebuilding, and repairs) has changed by radial expansion, leaving the less mobile workmen stranded in the inner districts. The county area is too small for this purpose, and it is not concentric with the area built upon, so that recent expansion is partly within its boundaries and partly without. Mr. Dearle quotes the census figures and the statistics of new houses for the outlying districts, but only for estimating the total growth of the trade, and the distinction between residence and employment is not dwelt upon. Nor is there any evidence upon the question whether or not there has been over-building in relation to the normal demand. This is important in estimating the chance of the trade sharing in any general revival of industry—as in 1907 it failed to do.

Of changes in method the greatest is the introduction of ferro-concrete, though there has also been a great increase of specialisation in patent processes and fittings, and in the "importation" of ready-made fixtures from the provinces. These changes affect some branches more than others, and their influence on large contracts differ from that on small. Thus plumbers have suffered from patent appliances more than they have gained from increased sanitation. Ferro-concrete is used for floors, but not yet for walls, and its applicability to small houses is disputed. The importance of such considerations in forecasting the future is obvious.

Seasonal changes are treated in considerable detail. Here again different branches and different-sized firms are affected differently, but the general result is that in London the seasonal curve is almost a zigzag, and there are summer seasons of depression as well as winter. This is due to the combination of strictly seasonal influences affecting supply with "quasi-seasonal" ones affecting demand.

In spite of this complexity of detail the summing-up of this section in a chapter on "The Interaction of Different Causes" is fairly clear. The effects of changes of area and of method were all masked by the great boom of 1895 to 1900, which brought the unemployed percentage down to 0.7, and attracted large numbers into the trade. When therefore the depression set in after the war, their influence on employment had all the effect of a sudden revolution. Even the most regular employees of many firms were thrown out, and the reserves of semi-casual workmen collected round each employing agency were left helplessly stranded by changes whose beginning and end they had no means of foreseeing. The whole story illustrates the need for the organisation of the labour market in such a way as to disseminate knowledge and to check an oversupply of labour by rendering the existing supply more mobile.

The later part of the book discusses the effects of unemployment and the possible methods of dealing with it, both those practised by the men themselves, individually or collectively, and those which require public action. Although the inadequacy of the former, especially in the case of the casual labourer, is only too evident, the detailed description of them is of great value. They must always be the ultimate protection against distress, and they are too often ignored in generalisations on the subject. To make such provision practicable, however, the gap to be covered must be narrowed by public organisation. The artificial provision of work for individuals is an unsatisfactory way of doing this, though Mr. Dearle gives good reasons for the reservation of public contracts for bad times as a means of limiting the range of fluctuations in both directions.

He endorses on the whole—though the long study of complex facts evidently makes him reluctant to generalise—the conclusion to which most recent research has led: that the fundamental need is the decasualisation of labour so as to avoid the accumulation of a half-employed surplus, and that a system of Labour Exchanges may be expected to do much in this direction. The success of any form of public organisation must, however, depend

largely upon the careful study of detail and the diffusion of the knowledge thus gained. This book is valuable not only for its own contribution towards this end, but as a sign that the need is recognised, and as an example of the kind of research in which it will have to be met.

H. R. MAYNARD

The Taxation of the Liquor Trade. By JOSEPH ROWNTREE and ARTHUR SHERWELL, M.P. (London: Macmillan and Co. 10s. 6d. net.)

FOR those who wish to know what high license means, how it has worked in other countries, and how much additional revenue it might yield, no book can be more serviceable than this. Although only a new edition, it is very much more than a mere reprint of the first. The arrangement has been developed, every chapter contains new matter, and a long supplementary chapter at the end is entirely new. Since the appearance of the first edition in 1906, new legislation has been passed in the British Colonies and in the United States which compelled the authors to revise their figures and diagrams. All this legislation, it should be noticed, points in one direction—to higher license duties and reduction in the number of licenses, and its effect “has been to emphasise still further the marked disparity between the rates of license taxation in the United Kingdom and those imposed in the British Colonies and in the United States, where the standards of taxation, although enormously higher than in this country, are constantly being increased.” That license duties are higher in the States than in this country is fairly well known, but defenders of the licensed trade have constantly alleged that this disparity is counterbalanced by lower taxation of beer and spirits in America. Messrs. Rowntree and Sherwell, however, give ample figures to refute this contention, and have improved upon their first volume, where they compared the total taxation of the liquor trade in the two countries “on the basis of the license duties *plus* the excise duties on beer and spirits,” and now make the comparison complete by including wine, and by allowing for the customs duties on imported beer and spirits. This final comparison, so they contend, proves conclusively that “the liquor trade in this country, judged by American standards of taxation, is undertaxed to the extent of from seven to thirteen million sterling annually.”

How do our authors prove what they allege? Alcohol being

both a much-taxed commodity and also a dangerous one, its sale is strictly controlled and confined to certain individuals specially licensed to sell it, *i.e.* it is a monopoly. In the last half-century the action of Parliament and of the licensing authorities has increasingly tended to the restriction of the monopoly, and consequently to the enhancement of the value of a license. Before 1880 the duty or fee for a license was almost nominal, and even after Mr. Gladstone's Budget the charges were quite inadequate, especially on beer and wine licenses and on the larger fully-licensed houses; while for the last twenty-eight years no change has been made, although the population and the consumption of alcohol have both increased, and although the number of licenses has fallen steadily. In the Colonies and in the United States a very different policy has prevailed. Innumerable variations of detail may be discovered, but throughout Australasia, South Africa, and North America one broad principle prevails—that the license to sell alcohol is a valuable privilege for which a substantial payment must be made. Yet this principle was hardly recognised thirty years ago, so that nearly the whole of the high license system dates from years subsequent to 1880, during which time there has been no increase, and indeed no alterations, in the license duties paid in this country.

What are the actual duties now paid in the United Kingdom? A beerhouse pays £3 10s. yearly, and a beer and wine house £4, just these sums, and no more, even if rated at £1,000 a year, and "fully-licensed" houses, *i.e.*, those selling spirits also, pay duties graduated according to their annual value, and rising from £4 10s. to £60. A few instances will show how absurd and inadequate the duties paid for the larger houses really are.

Annual value.	Duty.	Percentage.
£20	£11	55
40	20	50
200	35	17½
400	45	11½
2,000	60	3

Mr. Sherwell, who has taken great pains to obtain accurate and recent figures, having travelled extensively, I believe, in the course of his investigations, gives the license duties paid in our Colonies and the United States. In Tasmania the minimum charge is £25, in Western Australia, £40, in the Transvaal, £50. Canada, with a *per capita* consumption of alcohol less than half as large as our own, charges higher rates; in Quebec the payments rise from £60 for premises rated at £40 (without a license) to £310 for premises rated at £2,000, and in Montreal the charges

rise from £80 to £300. High as these figures may seem, they are surpassed in the United States. Every licensee must pay the federal tax of 25 dollars, but in addition minor authorities can and do make further charges. Thus in Savannah a licensee in 1907 paid £5 to Washington, £40 to the State of Georgia, £40 to the municipality, and £10 to the county. Some towns use their taxing powers to reduce the number of licensed houses, or even to suppress them altogether; in Minnesota, *e.g.*, "from £600 to £800 is sometimes charged for a license," and one "small town of 6,000 inhabitants reduced its licenses to two, and levied a license tax of £480 on each." To compare the revenue derived from licenses in the two countries—American towns obtain £413 for every 1,000 inhabitants, while English towns only obtain £41, or, to give a concrete instance, Boston charges £310 for a license and Liverpool £28, and the contrast between New York and London is even more remarkable, being 13s. 10d. per head as against 11d. In New York, too, clubs pay the same duty as saloons, *i.e.*, £245, but in England they pay a miserable registration fee of 5s.

In reply to defenders of the licensed and brewing trades, who explain away the high license system of America by pointing to the lower taxation of beer and spirits in the States, Messrs. Rown-tree and Sherwell give the actual figures in each case, and prove that the total taxation is lower in this country. Although beer now pays a third more in England, *i.e.*, 7s. 4½d. per barrel, this is due to war taxation, which has survived peace, and if we take a similar period in America, the Spanish war sent up taxation to 11s. 8d. in 1889–1900, though it sunk again shortly, in 1902, to 9s. 3½d., and then to its present level of 5s. 10d. in 1903. Besides this brewers, who escape with a 20s. license in England, pay anything up to £1,220 in the States. Spirits show a greater disparity, paying only half the English rate of 11s. per gallon; but again we find manufacturers taxed heavily, distillers and wholesale dealers paying duties rising to £500, as against £10 10s. in England. Recent figures for the whole of the United States are not available, but in 1896 the combined license duties and taxation worked out at 10s. 0¼d. per gallon of absolute alcohol, compared with 8s. 4d. here, or, taking later figures (for single States only), taxation in Michigan for the years 1903–7 amounted to 10s. 3¾d., compared with 8s. 11¾d. in the United Kingdom.

Our authors, of course, state their case with far greater completeness and wealth of detail and illustration, but even from the few extracts given above it must be clear that the case for high

license, or at least for increased license duties, which shall secure a reasonable payment for the lucrative monopoly which the State confers and protects, has been fully proved. If it be contended that the money to pay these high duties would be extracted from the consumer by an addition to the price of beer and spirits, one may reply: (1) That, if so, the brewing and distributing trades will gain; (2) that the "consumer" in this case is the person who gets the license, not the person who drinks at the bar; and (3) that the proposed reforms would hardly affect the smaller licensed houses, which pay substantial duties already, and would not touch the wholesale trade or private consumption. Incidentally it may be said that high license is the most effective way of preventing the growth of a "vested interest," the simplest and most automatic machinery for securing a reduction in numbers, and, in short, the condition precedent of "practical temperance reform."

J. E. ALLEN

Children's Care Committees. By MARGARET FRERE, Member of the Education Committee, London County Council. (London: King, 1909. Pp. 86. Price 1s. net.)

THE problem of the neglected children in our public elementary schools is so much to the fore at present, and the remedies suggested by different schools of thought are so diverse, that one turns with relief to this book to see what improvement has actually been effected in the necessitous schools of London by the establishment therein under Section A of the Education (Provision of Meals) Act, 1906, of Children's Care Committees. Miss Frere, however, describes what should be the work of the Children's Care Committees of London rather than what they are actually doing; she describes simply and straightforwardly work among necessitous children that has been carried on by herself and others since 1898 in one particular school, at first under the name of a Charitable Funds Committee, then (in 1902) under the name of Children's Relief Committee, and finally in 1908 under the present title. The story has all the suggestiveness of truth and reality; Miss Frere writes from first-hand knowledge, and shows what can be done elsewhere, by what she and her friends have succeeded in doing themselves.

There are chapters on recreation, on thrift, on securing suitable situations to children on leaving school; there are appendices giving bibliography, typical *menus* for feeding necessitous chil-

dren, and lists of employment and apprenticing agencies; but perhaps the most valuable chapters are those which describe the work of relieving necessitous children. Miss Frere refers to the old-fashioned (yet still unfortunately popular) ideal of feeding all school children wholesale on every school day at the public expense, and rejects it as worse than useless. "This solution experience has proved to be no solution at all; in many London schools where widely extended, highly organised systems of free feeding have flourished for years, the stream of child misery flows on unchecked, making it evident that no amount of free meals alone will ever enable necessitous children to profit by free education. This fact is not surprising to those who have looked beneath the surface of child life as seen at school. Children often have the appearance of being underfed when really they are suffering from unsuitable feeding, want of sleep, and overwork out of school hours. In the majority of cases parental neglect is the source of their misery, and only *by getting at the parents* can their condition be improved. They require as a rule much more done for them than merely feeding them on school days, and whatever is done must be placed, as all sensible people see, on a more scientific basis than wholesale free feeding can ever supply, if they are to be helped efficiently and not allowed to remain for ever on a feeding list" (p. 11).

This paragraph will be endorsed as true by everyone who has tried himself or herself to help individual children. It strikes the keynote of personal work in the family, and reminds us that the child is a school child, maybe, for six hours in the day, but for all the rest of the twenty-four is, for good or ill, in the charge of and under the influence of the family.

How are the Children's Care Committees succeeding in diverting benevolence from the old, exploded, wholesale methods into those of personal work among the families to which the neglected children belong? Was there more personal service of this description among the old voluntary committees with which Miss Frere began work, or is there more personal service among the present officially recognised Children's Care Committees? Miss Frere expresses no opinion. It may be it is too soon to venture an answer. The co-operation of enthusiastic trained volunteers is absolutely necessary for efficient work of the type described. Yet officialism is apt to kill voluntary effort. On the other hand, there is a type of voluntary worker that is attracted by the prestige of public recognition. If the Children's Care Committees are drawing in good workers to whom the old unofficial com-

mittees would never have appealed their establishment will have been justified.

A word should be said on Chapter VIII., "How to Train for Care Committee Work." Miss Frere rightly emphasises the necessity of would-be workers among children studying books and pamphlets relating not only specifically to child study, but to social and economic subjects generally. The child expert who is nothing but a child expert tends to become a very untrustworthy guide. "The school must not be treated as a little world, cut off from all intercourse with the life around it; to be understood it must be studied with, not apart from, the district in which it stands, where are the homes from which the children come and the workshops and places where their parents are employed" (p 57).

This book should prove extremely useful to school managers and teachers, and indeed might be adopted by the London County Council as the groundwork of a much-needed official "Book of Directions to Children's Care Committees."

M. E. MARSHALL

Trades for London Boys and How to Enter them. (Longmans, 1908. Pp. 170. Price 9d. net.)

THIS small book, issued by the Apprenticeship and Skilled Employment Association, is of interest to the economist, not only because it is a powerful aid in a useful measure of social reform, but also a source of many industrial facts which cannot easily be obtained elsewhere. The aim of the association is the promotion of thorough industrial training for boys and girls, and it works through local committees, who find suitable openings with firms of good repute and arrange for attendance at trade schools, technical classes, etc.

The object of the book is to show the openings and means available for boys leaving the elementary schools. The introduction contains some suggestive notes of the points to be considered in choosing a trade. It is difficult to conceive anything clearer or more useful than the tabular statement of the general considerations to be taken into account by parents seeking to apprentice a boy. These are divided under two headings of "Health" and of "Prospects in the Trade," and we may quote at random an example from each class:—

BAD

Sitting or standing for long at a time without change of position.

GOOD

Some moving about.

A trade may consist of making things by hand, and machinery may be invented which cuts out hand-made goods.

A boy may ensure that he learns to work any new machinery that may be introduced.

The descriptions embrace about sixty of the most important trades open to boys in London, and have been submitted to experts to ensure accuracy. In each case a short account of the processes of the trade is followed by a statement of the usual method of learning, the name and address of the Trade Union, its minimum wage rate, regulations, and benefits (where paid), the usual hours of work, and a list of technical classes for the trade in all parts of London.

There are some interesting notes upon the persistence of hand work in certain industries; as, for example, in surgical instrument making, and in the coach-smith's work.

We are given to understand that a similar book describing the employments open to girls in London will be issued shortly.

H. S. JEVONS

Foreign Solutions of Poor-Law Problems. By EDITH SELLERS.
(London : Marshall and Son. Pp. 176. 2s. 6d.)

Miss Sellers describes concisely, yet with much detail, the systems in Vienna and Berlin; the Hungarian plan of dealing with children, and the Danish method of taking care of the aged. As a contrast to these examples of State action, she gives a highly interesting account of the methods of relief employed in Bucharest, where the State does nothing, the whole organisation being the outcome of the sympathy, energy, and organising power of the Queen of Roumania, who by her example has succeeded in calling forth the voluntary assistance of the well-to-do classes. In Montenegro Miss Sellers finds a country where all are poor, but where there is no public relief system, because the idea of seeking support from the State is repugnant to everyone. The account

which she gives of the absence of organisation, and of the condition of the poor in Russia, Servia, and Bulgaria will be read with much interest.

The following are some of the characteristics of foreign systems to which Miss Sellers ascribes their superiority over ours :—

1. The classification of the recipients of relief is based upon thorough inquiry into their character and circumstances.

2. The most important parts of the work are done by trained experts, though largely assisted by honorary workers.

3. Control is extended over large areas and centralised so that the scattered individuals of a class are brought together for the special treatment they require.

4. Economy is promoted by the thought bestowed upon the arrangements, and the efficiency of the work done by the experts.

In Vienna a man out of work can obtain out-door relief for two or three weeks. If he fails to get work he may then go to the "Asyl," where he gets board and lodging for five nights, provided he looks for work steadily; if he fails to get it he may leave the city to seek it elsewhere, and can get lodging and food at relief stations scattered over the country, but not for more than forty-three nights. He has to produce his papers to prove that he is really seeking work, and if it appears that he has without reason refused work offered to him he cannot get further relief. He may stay in Vienna and go to the workhouse. There he may stay some weeks, but he is obliged to work, and is required to go out to seek for employment. The tramp, the drunkard, the loafer, and the man who is not really anxious for work is brought before a court and sent to a penal workhouse, where he is detained for three years, but may by his conduct there obtain his discharge sooner.

The system in Berlin is substantially the same. The work-seeker gets outdoor relief for a short time, especially if he has children; then he may reside at the refuge for five days, where the man is obliged to work, but still seeks for employment. The work-shirker is committed to a workhouse under the management of the police.

The proposals of the Vice-Regal Commission on the Irish Poor-Law follow these lines. They recommend that the work-seekers should get passes entitling them to food and lodging at different places while in search of work, and that labour houses should be established under the control of the police, to which the tramp,

the ill-conducted and work-shirker should be sent by sentence of the magistrate.

As to the treatment of children of persons who are temporarily unable to support them from any cause; such as want of work, sickness, detention in prison, etc., Miss Sellers tells us that in Berlin they receive outdoor relief at first with their parents. If the parent goes to the refuge each family is provided with a separate room. If the man has to go to the workhouse the children are treated as orphans, and are taken to the orphans' depôt, and the parent loses his rights over them, but he is still made responsible for their maintenance. In Vienna the treatment is similar. In Hungary the parent can bring the child to the children's refuge and ask that it be taken charge of. This is done readily, but the parent is kept under observation, and is made to pay for its maintenance. The guardianship tribunal at once inquires into the case of any child about whom it receives notice from a responsible person, that it is neglected, ill-treated, or from any cause requires to be looked after.

As to the care of the aged, Miss Sellers gives a most interesting account of the homes for the aged workers in Vienna. The aged who are of disreputable character receive very different treatment. In Denmark the deserving aged are maintained in a very comfortable manner, but a claimant for privileged treatment must be of 60 years of age, and must prove that "his destitution is owing to no fault of his own, but that he has led a decent life, has worked hard and been thrifty; and that during the ten previous years he has neither received a single penny as poor relief, nor been guilty of vagrancy, nor of begging."

Homes for the aged are set up in towns and villages, sometimes several small villages combining for the purpose. This may be contrasted with the recommendation of the Irish Commission that all the aged shall be collected in almshouses, one for each county.

Children under State care are, as a rule, boarded-out. In Hungary the State for many years tried to work through the local authorities, but finding that the work was not done it took the care of the young into its own hands, and established the Szell Colony system, of which Miss Sellers says, "it is by far the best, so far as I can judge, and I have watched the working of it carefully." Villages are selected for the purpose. A limited number of children are sent to each village so that they may blend with the other children, and not be distinguish-

able from them. The Director of the children's department exercises special supervision over such village. The general conditions as to sanitation, education, and industry must be such as to satisfy him. To be placed on the list of villages suitable for children's colonies is an honour sought after. Everywhere special arrangements are made to secure efficient inspection. In Berlin each child is under the care of three honorary officials, a councillor, who has to watch over all the children in his district, and who pays the foster-mothers. A lady who acts as assistant and deputy to the councillor, and a guardian, who has the legal responsibility of one child, and who is expected to interest himself in all that concerns that child. In addition, there is a paid inspector, whose whole time is devoted to visiting the children to see that they are being properly educated. Miss Sellers gives special praise to the care bestowed upon feeble and diseased children in Berlin. Children who are specially dull receive education in special classes. There is a colony for the feeble-minded and another for epileptics, and a sanatorium for consumptives. The deaf and dumb and blind are boarded-out and educated at a special institute, to which the child is taken daily by a housewifery school student, who lives near. A child who has lost a limb, or is deformed, receives such technical training as fits him to earn something towards his own support.

The book is full of valuable and interesting information, and can be confidently recommended to all who are desirous of improving our present methods.

CHARLES EASON

Report of the Proceedings of the International Free Trade Congress. (London, August, 1908. Cobden Club. Pp. xx + 652. Price 5s. net.)

If Protection is such a bad thing, why has it been adopted by nearly all the civilised countries of the world? And why is it that Protectionist countries are so prosperous? are questions which are constantly asked by those who doubt the wisdom of our own Free Trade system. To these questions the present book in a great measure supplies the answers.

"The Congress was the first of its kind, and the most important and representative gathering of Free Traders that has ever been held. The United States, Canada, Australia, India, and

every country in Europe, except Norway, Switzerland, Portugal, Greece, and Turkey, were represented." The Congress sat for four days, holding two Sessions each day, and the following six subjects were discussed in papers and speeches :—

1. Free Trade in its bearing on international relations.
2. The effect on industrial and agricultural development of the commercial policy of the State in respect of tariffs.
3. Political morality, as illustrated in the making and operation of tariffs, and the establishment of favoured interests within the State.
4. The revenue aspects of protective duties.
5. The present utility of commercial treaties.
6. The establishment of a Permanent International Committee for the promotion of Free Trade.

The first subject was dealt with entirely in speeches, with the exception of one paper by Senator Pulsford, of Australia. Mr. Winston Churchill delivered the opening speech, and Mr. Asquith spoke at the dinner given by the Cobden Club to the members of the Congress.

On the second subject, viz., the effect of tariffs on agricultural and industrial development, the speakers and writers are, as might be expected, unanimous in declaring that the countries which they represent have either been positively injured by Protection, or have prospered in spite of it. Of the numerous papers on this subject, that contributed by Herr Gothein, which is much the longest in the book, is particularly deserving of attention, as it contains much valuable statistical information upon the working of Protection in Germany. Prof. Brentano contributes an important paper, which was written after the Congress was over, but which is inserted as the last paper in the third session (p. 367). He shows that the German Protectionists are no longer carrying out the policy of Friedrich List, and also gives a very instructive account of the operations of Kartells. Mr. Russell Rea, with whom the idea of the Congress seems to have originated, deals with the revival of Protectionist ideas in Great Britain in an interesting paper in connection with the subject discussed at this session.

Those who attach importance to the argument that Tariff Reform should be opposed in this country because a protective tariff is likely to lead to political corruption, will find their opinion strengthened by the papers contributed by Mr. Joseph Martin and Mr. Franklin Pierce, which contain some very plain

speaking on the effect of tariffs upon political morality in Canada and the United States.

Mr. J. A. Hobson struck a warning note when in a short speech he reminded the English members of the Congress that in order to defend Free Trade a system of constructive finance must be contrived which will be a true alternative to the Protective policy (p. 405). This side of the question is dealt with by Prof. Bastable, in a paper on the revenue aspects of Protective duties, and the conclusion he reaches is that "compared . . . as instruments for raising revenue, it appears that the British tariff system can justly claim to be at the lowest as productive, as capable of expansion, as economical, and as equitable as any of the so-called scientific tariffs of Protectionist countries" (p. 523); and, again, "Analysis and experience join in supporting the view that so far from adherence to Free Trade being likely to cripple the power of raising an adequate revenue, it is rather the mode in which that power will be most completely developed; and that any revenue obtained in connection with protective taxation imposes greater sacrifices on the contributors than would be necessary under a simpler and fairer fiscal policy" (p. 524). He also mentions a fact which is perhaps not generally known, viz., that the total yield of the German customs hardly equals that of the British, which, as he says, "is somewhat significant as to the comparative worth of a revenue and a protective policy." Prof. Bastable's paper appears to lend support to the view expressed by Mr. Asquith in his speech at the dinner, when he said, "I see nothing which leads me for one moment to doubt that our Free Trade finance is capable of bearing the strain of any reasonable programme of social reform."

The Report also contains papers by M. Yves Guyot and Prof. Arndt on the present utility of commercial treaties, and at the last session a Permanent International Committee for the promotion of Free Trade was established, and it was decided that arrangements should be made for the next Congress to be held in 1910 at The Hague, Brussels, or Antwerp.

The book may not be particularly convincing to those who are already Protectionists, for it brings forward no new arguments; but it does contain many new facts which are probably not familiar to the general reader, and some of the historical information on the Protectionist movement in the United States and other countries is particularly valuable. The book should therefore be useful to Free Traders, and it may have the effect of making

those who are still on the fence hesitate before deciding to come down on the Tariff Reform side. The Report has a good index, and has been excellently prepared by Mr. J. A. Murray Macdonald, who also writes the Preface.

HENRY S. FURNISS

Bedeutet Export von Produktionsmitteln Volkswirtschaftlichen Selbstmord? Unter besonder Berücksichtigung des Maschinen- und Kohlenexports Englands. (Volkswirtschaftliche Zeitfragen . . . der Volkswirtschaftlichen Gesellschaft in Berlin.) Von DR. HEINRICH DIETZEL. (Berlin : Simion. 1907. Pp. 65. Price 2 marks.)

THE mercantilist policy of restricting certain classes of exports, discredited during the nineteenth century, has lately shown signs of revival. Oldenberg (in his *Deutschland als Industriestaat*, 1897) deprecates the export of machinery to undeveloped lands as a business which is digging its own grave. The same metaphor is applied by Kautsky to the English iron industry. Pohle, Wagner, Schmoller, and Frau Schwab (in her *Chamberlain's Handelspolitik*, 1905) concur. The movement in favour of restriction is not confined to Germany. Sweden has already put an export duty on some kinds of wood. In several countries it is to be expected that export duties will be employed as weapons in tariff warfare. In these circumstances Professor Dietzel has been moved to inquire whether it is true that the export of factors of production constitutes economic suicide. The argument is pointed by special reference to two cases (*paradebeispiele*) which are paraded by the alarmists (*dekadencrufer*), the export of machinery and the export of coal from England.

Why does England export spinning-machines in large quantities? Because England has an advantage, due to acquired skill and production on a large scale, the same sort of advantage as that which leads Germany to export "sugar-machines" and brewing machinery. The rise of wages and fall of profits which has occurred since 1850 has urged England towards the production of highly-manufactured products (*Qualitätsartikel*). England has moved further and quicker in the direction of high-grade manufacture than the Continent; Professor Ashley's view, that England "with a lessening hold on the industries which require and cultivate independence is turning apparently more and more to occupations in which it has an advantage in the mass of cheap, low-grade and docile labour," is met with a flat denial. The

pessimists who maintain the theory of deleterious export (*der bösen export*) are steeped in (*leben und weben in*) mercantilist conceptions; yet they fail to recognise the one good point in those doctrines, the preference for high quality in work. Frau Schwab and the rest can see only factors of production in exported machinery; they fail to see articles of high quality. They have not even the merit of consistency. They point to the United States as an example; yet the rise in the export of manufactured articles from the United States depends partly on the increased export of machinery, partly on the increased export of half-manufactured articles—which is also, according to these authors, a suicidal business.

To go on to the next branch of "grave-digging" businesses; it is true that coal cannot be described as a highly-manufactured article. But coal forms a ballast and balance without which the importation of food and raw material into England would be more costly, as Dr. Schulze-Gavernitz has pointed out; all the more, as Professor Dietzel adds, in that highly-manufactured exports are apt to be less bulky. The considerable proportion of exported coal, perhaps a third part, which supplies British shipping cannot be described as giving away the national capital to foreigners. This portion, at least, of the export is closely connected with the development of high-class industries pertaining to the supply of shipping. "When England exports coal (and with it shipping services) she exports a mass of manufactured articles of her own production." "Machine export and coal export are, so to speak, Siamese twins." "The export of coal is the condition of the export of such British goods and services which absorbs the maximum of capital and highly qualified labour and have the widest market." Again, the portion of coal which is exported for the purpose of warming inhabited houses abroad cannot be described, in the phrase of German Protectionism, as "heating the kettle" of the foreign producer. Moreover, a large export of coal to a foreign country which could be cut off in time of war is a weapon of war. Also, "the greater the increase in the export of coal, the greater is the increase in the commercial fleet of England; the larger that fleet grows, the larger, potentially at least, grows the Royal Navy (*Kriegsflotte*) which can be recruited in time of war from the mercantile marine." Altogether, "so long as the abundance of coal holds out, the increase in the export—which can only continue so long as the superabundance lasts—is no evil, but a good." What danger there may be is no wise lessened by the Protectionist proposals. "We are, indeed," writes Professor Ashley,

"running the same risk when we use up our coal in our own manufactures, but in this latter case we are not so quick about it." "Indeed!" exclaims Professor Dietzel; "surely the assertion would only apply if the manufactures worked only for England's individual demand . . . but if they produced for export, the rate of exhaustion [of coal] is the same as if, instead of manufacture, coal is exported.

These arguments are reinforced by the presumption that the gain to one party is not a loss to another in international trade. *Quicquid alicubi adjicitur alibi detrahitur* is not true in this region. Professor Dietzel adduces numerous instances in which, contrary to first appearance and the expectation of alarmists, the "industrialisation" of foreign customers has not led to the decline in the industry of the home country. He verifies by inductive observation the reasoning of Hume's essay on "Jealousy of Trade." "Not only as a man, but as a British subject," concludes Hume, "I pray for the flourishing commerce of Germany, Spain, Italy, and even France." A like conclusion is reached by Professor Dietzel with respect to that species of trade jealousy which he takes as his subject: the exportation of factors of production is no "grave-digging" business, but a resurrection to a better, higher life for all.

F. Y. EDGEWORTH

Free Trade in Being. By RUSSELL REA, M.P. (London: Macmillan, 1908. Pp. 237.)

THIS is a collection of articles, letters, and lectures written or delivered at various times during the last five years on the subject of Free Trade and Protection. Two of the constituent pieces, together making up more than half the volume, have been already noticed in the ECONOMIC JOURNAL: *Insular Free Trade* in the number of last September, and in the present number *A Review of British Trade*, included in the report of the International Free Trade Congress. Among the remaining contributions, the Cobden Club lecture on *Shipping and Free Trade* (1905) deserves special notice. Mr. Russell Rea has here shown that:

"the mercantile navy of Great Britain alone, excluding the Colonies, shows a considerable preponderance over that of the rest of the world, if not in total tonnage, yet in value and in effective carrying power."

One mark of preponderant efficiency is the greater proportion of steamers—"almost in the proportion of three of steam to two of

sail [for an aggregate of the principal countries in the world] against four of steam to one of sail in this country." That is, according to the statistics of 1902, the latest available at the date of the lecture. Since then, as appears from later statistics (referred to in an appended note), we have gained upon the world in respect of total tonnage, but lost—in that we advanced less—in respect of the proportion between steam and sail tonnage. In further proof of efficiency it is stated that of high grade steamers, defined by a speed of more than twelve knots per hour, the United Kingdom possessed (in 1902) more than four and a quarter million of tons, while the principal countries of the world together possessed little more than two and a quarter million tons. We have the advantage, too, in the youthful age and up-to-date character of our ships.

It is cogently argued by Mr. Russell Rea that our preponderance at sea is connected with our Free Trade policy. At the time when we took the "Free Trade path to the right," America was advancing rapidly to the first position; and now her foreign shipping trade has declined almost to extinction. Mr. Russell Rea has arranged the principal countries of the world in two lists: (1) according to the severity of their Protective Tariff (as estimated in the Fiscal Blue Book); (2) in the inverse order of steam shipping tonnage per inhabitant. It is remarkable that as the import tariff of a nation goes up, so does its register of shipping go down.

Such being our "superb supremacy," our "lonely pre-eminence," at sea, what are we to think of allegations purporting to prove that there is "rot at the foundations" of British shipping? Mr. Russell Rea's answer to this question is more than a contribution to the polemics of the hour; it is a study in the logic of statistics. Consider, for example, Mr. Chamberlain's assertion that:

"the tonnage of foreign shipping which entered and cleared from our ports during the years 1890 to 1900 had increased not only at a greater rate, but actually to a greater extent than the British tonnage. Between 1890 and 1900 the foreign tonnage using our ports had increased from 20 millions of tons to 35 millions, while the British tonnage had only increased from 54 millions to 62 millions" (p. 89).

It is not denied that the assertion was true at the time when it was made; though, as it happens, it has since then ceased to be true. But the fact, even when it existed, was capable of being in large part explained away.

"A considerable portion of the foreign increase in our ports is due to two items: first, the calls of the great German Atlantic steamers at Southampton, Plymouth, and Dover, at which ports they remain half an hour to embark or land a few passengers, and in no way touch the export and import trade of the country; and, second, to the existence of a small number of new Channel passenger steamers owned by the Continental railway companies, which enter our ports daily all the year round, and are counted scores of times in the course of the year" (p. 90).

Allowing for these items, we still find that the foreign tonnage using our ports increased disproportionately. But it is explained that—

"these foreign ships were being employed in the more local trades; that the inferior ships were, in fact, engaged in the inferior trades, and that the great long-distance ocean trades were chiefly in British hands" (p. 91).

There is still a residuum of fact which has not been explained away. It is explicable by the virtual discrimination in favour of foreign ships which is made by our light dues and Board of Trade regulations—a protection of the foreigner which the Free Trader is not concerned to defend.

Another contribution of special interest is the correspondence with Professor Pigou on the question: "Is it Possible to Tax the Foreigner?" On this question Dr. Marshall's recently published memorandum has left little to say that is of much importance. But there is a peculiar interest in observing how a practical man of great sagacity deals with the refinements of academic theory.

Mr. Russell Rea accepts Professor Pigou's formula for the rise of price consequent on a differential tax on foreign wheat imported into the United Kingdom. But he does not accept the values assigned by Professor Pigou to the constants in this formula, in particular the *elasticities of supply* for foreign and for colonial wheat. Mr. Russell Rea will not accept the assumption that the extensibility, as Mill would say, of the colonial supply may be equated to the contractibility, if I may use the word, of the foreign supply.

As I understand, this presumption is of the kind which I have elsewhere described as *a priori* unverified probability; based not on specific experiment, but on general experience and common sense.¹ It is the kind of basis which underlies the presumption common in physics that a "function," or relation between interdependent variable quantities, may be treated in

¹ ECONOMIC JOURNAL, vol. xvii, p. 227, and references there given.

the absence of evidence to the contrary, as for the most part *continuous*; a presumption which is often legitimate in Economics. To take an example from the subject before us, on the strength of this kind of probability, I am disposed to question the suggestion that—

“a rise in the price of wheat would increase rather than decrease the consumption in this country. . . . The poor . . . would certainly . . . save on their small comforts—meat, eggs, butter, &c.—and actually use more of the dearer bread” (p. 126).

Even the milder statement that the elasticity of the demand for wheat *may* be positive, though I know it is countenanced by high authority, appears to me so contrary to *a priori* probability as to require very strong evidence.

“But this is a small point,” as Mr. Russell Rea says. I admit that what is called *a priori* probability is not a satisfactory sort of knowledge. It is like the faint rays shed upon our world from the more distant parts of the universe, perceptible and useful only in the absence of the stronger nearer lights. Possibly Cournot is right when he restricts the office of the probabilities in question to the regulation of a bet. Doubtless it is inexpedient to bet unless you know more than such probabilities can teach. But governments, and still more the citizens, by whom they are elected, have often to act without more definite knowledge. Of this kind are the presumptions which Professor Pigou has formulated with respect to the incidence of a differential import tax on foreign wheat. Vague as they are, these presumptions serve to show the plain man what to think of politicians who tell him that import duties will not raise prices. Probability is the guide of life; and the best estimate of probability which the ordinary citizen can obtain, without special opportunities of information, or a life-long study, shows, in the instance proposed, that the probable advantage in the way of contribution from the foreigner is very small in comparison with the immense disadvantage attending the resort to Protection.

This practical outcome of the formulæ would be warmly accepted by Mr. Russell Rea. My contention against him is not à *l'outrance*; it is only a friendly gymnastic encounter such as may occur between soldiers in the same camp. Mr. Russell Rea attributes to the foreign supply of wheat an elasticity so nearly perfect that the foreigners' contribution to the tax would be “infinitely minute and totally invisible,” and would continue to be so as long as any foreign wheat is required. In making this

estimate he very properly relies on his own "commercial instinct." Those who have not the advantage of his experience in business can have no better evidence on the matter than the consensus of experts like Mr. Russell Rea. Still, I think, the judgment of a single expert—as it were a single observation, liable to "personal equation"—is not decisive for the general public. I had as soon accept implicitly the instinctive judgment of a monometallist on the nice question whether the stability of gold prices in the long run of ages was greater than that of silver prices. In the absence of several witnesses or special knowledge of my own, I should do better to treat the two coefficients of fluctuation as for the purposes of the bimetallic controversy, likely to be equal.

Besides, I am not quite sure that Mr. Russell Rea brings his great authority to bear on the exact point at issue, as thus stated by Professor Pigou:—

"My argument has to do with ultimate effects only—that is to say, with the effects that follow after Preference has been in vogue several years and things have settled down" (p. 131).

Has not Mr. Russell Rea *short periods* in mind when he thus bears witness:—

"When the demand for tonnage and the rate of freights decline to a rate excluding all margin of profit, I lay up my least profitable ship at once. My elasticity in this case is instant. On the other hand, when demand for tonnage is good and freights are high, it costs me both time and money to meet the demand by building a new ship. My elasticity in this case is slow and costly" (p. 125).

With reference to long periods, may we not apply to the increase of supply (in the colonies) as well to the decrease of supply in foreign countries—consequent upon a differential tax on wheat—what Mr. Russell Rea says with reference to increase:—

"There is no article the supply of which can be modified more easily than corn. Botanically, wheat is an annual" (p. 116).

Altogether, I would rather take the chance of erring with Professor Pigou; though I dare say that Mr. Russell Rea may be right.

F. Y. EDGEWORTH

The Black Death of 1348 and 1349. By ABBOT GASQUET.
Second Edition. (London: George Bell and Sons, 1908.)

This reprint of an essay published in 1893 will be welcomed by students of the greatest catastrophe of mediæval times. As

the earlier edition has been out of print and has not been easily accessible for some years, it may be useful to indicate quite briefly the general scope of a work which is more detailed than any other English account of the subject. Abbot Gasquet has first treated the visitation as a whole, and has then proceeded to work out in detail much of the material available for forming a fairly accurate estimate of its ravages in England. As he points out, it is only within recent times that writers have realised the importance of its effects for the right understanding of English history during the later Middle Ages, and this essay, which gives a vivid picture of the progress of the dread disease as it passed through Italy, France, England, and, indeed, through almost all European countries, undoubtedly enables us to grasp more fully the overwhelming character of the calamity in the West. There is inevitably much repetition in the narrative, which is drawn from such varied sources as court chronicles, monastic and municipal annals, institution books, and other official documents, and from the writings of poet, physician, and notary. The extraordinary unanimity of writers, so widely separated that they could not have been in communication, as to the nature, ravages and effects of the pestilence, forces the student to accept statements which, taken singly, would appear as incredible exaggeration. The mortality abroad was no less severe than in England, and the consequent disorganisation of society and of the ecclesiastical system is seen to be no less serious. -

In dealing with the ravages of the Black Death in England Abbot Gasquet has systematically worked through the institution books of many dioceses. From the evidence thus accumulated of the mortality among the beneficed clergy, some conclusions are offered as to the effect upon the clerical order as a whole, and upon the lay population. This investigation confirms Dr. Cunningham's estimate that fully one-half of the population was swept away. The Abbot is too sound a student to consider that, with our present data, any attempt to give even approximate numbers can be satisfactory, though he considers it probable that the population, which from the Subsidy Roll of 1377 has been estimated at about 2,500,000, may well have been twice as great before 1348. With pestilence recurring in several years, with famine at intervals, and with the drain of soldiers for the French War during many of the years between 1350 and 1377, it is hardly likely that the population should have increased during that period, when, with similar causes at work,

it remained almost stationary between 1377 and the accession of the Tudors.

The account given of the demoralisation of society, of the lowering of moral and religious standards, and of a subsequent revival of devotional feeling and practice, is of considerable interest, though it may not be possible to accept all the conclusions or to describe as ultimate effects of the Black Death certain changes which are marked by the fifteenth century. To readers of this Journal it may be more important to note that there is valuable evidence as to the ineffectiveness in many places of the labour statutes which limited wages and fluidity of labour, and as to the aggravation of the labour difficulty where able-bodied labourers were imprisoned for disobedience to the royal orders. Where the policy was carried out, greater poverty sometimes followed in consequence of "the imprisonment of those who could work and of those who dared to pay the market price of labour" (p. 230). Here and there, as at Witham, the prohibition of the import of labour and the payment of higher wages was set aside by special royal decree to prevent total reversion of estates to waste (p. 198).

As to the effect of the visitation upon land tenure in England, it is to be regretted that Abbot Gasquet has based his conclusions so largely upon the work of Professor Thorold Rogers, and has not incorporated in this edition the results of more recent investigators, such as Dr. Page, M. Réville, and Dr. Krichn. In view of their work, it seems impossible to maintain some of the old conclusions. Did the lords indeed claim "the old labour rents . . . as well as the money payments for which they had been commuted"? Could they have had any expectation of success in such an attempt? For the feudal contract, hard as it may sometimes have been, had, at any rate, the advantage of security and of definiteness, and could not be tampered with at the will of the lord. It was impossible for him suddenly to increase the burdens or to alter the form of the obligation without the will of the tenant already in occupation. And where change was introduced by the consent of both parties, whether old or new, to the agreement, it seems frequently to have taken the form, not of reversion from money commutation to personal service, nor of "the old labour rents as well as the payments for which they had been commuted," but that of money commutation. The increase in this practice during the thirty years which followed the Black Death is significant. The lords accepted commutation as a more satis-

factory solution of the labour problem than the retention of unwilling villein service. With increased cash they could hire some labour or turn the land to other uses. Again, we cannot agree that from serfdom practical emancipation was finally won by the popular rising of 1381 (p. 232). Various causes contributed towards the great change; some were at work before the rising, and others became more important during the fifteenth century. From every standpoint, except the political, the rising must be regarded as a failure.

The essay contains so much of value and of interest that we hope these indications of a change in recent opinion may receive some consideration in a later edition. For there is no other detailed account in English, based so largely upon trustworthy records, which leaves so clear an impression of the magnitude and universality of this European catastrophe, and we would fain commend it without reservation to students of fourteenth century history.

ELLEN A. MCARTHUR

L'avènement du régime syndical à Verviers. Par LAURENT DECHESNE. Pp. 552. (Paris : Larose et Tenin.)

M. DECHESNE's book will prove a mine of invaluable materials to all whose task it is to study the question of strikes. But it does not lend itself at all to critical analysis, inasmuch as it is purely descriptive. In so saying, we are far from wishing to depreciate it, for the author's avowed intention went no further. At least, his chief object is declared to be "To depict such disturbances and the remedies propounded for them." And we follow him further and willingly when he says: "Is there any need for emphasising the interest attaching to a detailed and impartial account of this sort of strife?"

We may go so far as to say that the strikes selected by the author are specially instructive, for although they arose in one and the same city, and for the most part in one and the same year (1906), it so happens that they embody, as in a microcosm, all the possible aspects of a strike.

The most interesting of all, occupying the larger portion of the book, is the strike of the wool weavers. Verviers, as our author says, is the Bradford of Belgium. The strike, which lasted three months, and involved 15,000 hands, will live in economic history for several reasons.

In the first place, because it introduced certain clever tactics

which have since been imitated in France. The children, namely, of the strikers were sent away to other industrial centres in the country, and there received the hospitality of working-class comrades. Their exodus was carried out in large companies, and their journey, either at the start, or on their arrival, or on their return, was made the occasion of great demonstrations, stirring public opinion and quickening the feeling of solidarity among the working masses. The children unconsciously played the part of missionaries of Socialism. If we may believe the author, and it sounds probable enough, some abuses crept into and disfigured this noble enterprise. There were workers not on strike who availed themselves of it to give their children a pleasant outing and the benefit of free entertainment.

In the next place, it was a forced strike. The employed did not go on strike, but were "lock-outés," as they were locally termed. The employers were trying to compel the men to work two looms, when the latter wanted to be engaged on one loom only. Failing to overcome resistance, the masters decided on a lock-out—a *coup d'état* well enough known in England, but more or less of a novelty on the Continent,

Thirdly and lastly, the strike ended in a "collective contract" between the respective federations of masters and men, which is of peculiar interest. By it the effort was made to determine the spheres of mutual competency in employers and employed throughout the whole manufacturing world, and to formulate thus a kind of law on the relations of Capital and Labour. It is well worth while to quote the very important text of this contract, drafted by the workers' federation, and inserted with hardly any alteration into the treaty of peace dated October 30th, 1906 :—

"It is the business solely of the master to settle (a) the nature of the capital and the arrangements necessary for the specific kind of production; (b) which markets to select for the disposal of produce; (c) the methods of production, that is to say, the choice of raw material, the modes for manufacturing it, the human agencies employed. This last clause implies the master's right to engage and to dismiss his staff, and to decide on their proportionate gains. . . ."

"But it is the *contract of bilateral work* which must fix under what conditions the staff is to be engaged, such as rate and minima of wages, intensity, pace, and duration of labour; hygienic conditions; liability in case of accident."

* Here is a distinction which has the appearance of being not only rational but scientific as well.

A second strike—that of tramway men in the same city and the same year—is also described in a highly instructive manner. The fight between the strikers and the “blacklegs,” there called “supplanters”; the boycott carried out not only on the company’s tramcars, but also on all who had the effrontery to use them; the way in which the public at first abetted the boycott out of sympathy, and finally wearied of it, forcing the men to give in—all this is narrated with numerous quotations from newspapers, and anecdotes, making a highly entertaining series of pictures, and embodying some deeply interesting evidence for social psychology.

Why does the author entitle his book “The Advent of the Trade-union Régime in Verviers”? Because he wishes to show how the multiplication of strikes has instilled into the working classes—and, by rebound, into the employers—the feeling of solidarity, “the consciousness of class,” as the Marxist Socialists call it—and how the old Manchesterian conception of the master imposing peace on his men has been superseded by the more truly liberal notion of a synallagmatic (bilateral) contract between master and men.

The historical portion of the book can also show some instructive points: the opposite, for instance, to that taught often in economic treatises concerning the advent of machinery at the opening of the nineteenth century. Our author shows that the number of working weavers was thereby reduced from 25,000 to 10,000, and that over sixty years had to pass (that is, time enough for an entire generation to suffer and die!) before an equal number of workers could once more be given enough work to support them at weaving.

It would seem that the author has faithfully fulfilled his promise to give us a fair and impartial account. And yet the question will arise, whether he has not donned spectacles a little too roseate of hue when he thus sums up the results of the six weeks’ “play” of the Verviers weavers:—“The period fell chiefly in a sunny autumn, following on one of the most splendid summers ever known; six weeks of pleasant and healthy holidays, to which they resigned themselves with no great reluctance!” An appreciation which is the more singular after we had learnt, on the preceding page, that those weavers had been compelled to expend, during that time of sacrifice, more than a million francs of savings; that is to say, in all probability every sou they had been able to lay by during their whole lifetime, let alone the debts they doubtless had to incur! Truly an effective way of spending a pleasant and salutary holiday!

The book is adorned with illustrations of the chief buildings at Verviers, which seem somewhat superfluous, the more so in that they have no connection with the subject.

CHARLES GIDE

Das Wesen und der Hauptinhalt der theoretischen National-ökonomie. By DR. J. SCHUMPETER. (Leipzig: Duncker & Humblot, 1908.)

WILL the controversies as to the method and limitations of political economy never cease? Why cannot we all agree with that great economist who said that he only recognised two schools in economic science—those who demonstrated their conclusions, and those who did not? Probably because there must be so large a field in which the paucity of accurate data, and the difficulty of drawing conclusions from them is so great, that there is little scope for “demonstration.” But this can be no excuse for false and inaccurate reasoning, or for a deliberate refusal to use those aids to correct reasoning which we possess. The differences between the methods of economics and those of any other science should be only those due to the very limited opportunities which are afforded by social and industrial phenomena for accurate observation and experiment. With the growth of statistical methods and the growth of statistical material it will become possible to make more accurate generalisations, to get some fairly good estimates of elasticities of demand, and so forth. Few things are more pitiable than the way in which historians, journalists, and politicians make a false assumption of fact, such for example as that demand is normally inelastic, and then consider that a person who has the honesty to discuss a problem by means of a demand schedule is unpractical. After all, discussions about method are of small importance. The scope of the subject is, however, a matter of some importance, because if results are obtained which are only intended to apply within a certain sphere or range, it is a serious matter if such results are afterwards assumed to be accurate outside that range or under an entirely different set of limitations. For this reason the question whether the results of economics are, or can be, at present only “statical” and not “dynamical” are of importance. Dr. Schumpeter contends, with great ability, for the view that economics should be—or at any rate is—limited to statical problems. The question is of sufficient importance to deserve consideration; but we must

beware of being the slaves of analogies. Statical problems deal with the conditions of equilibrium; but there is also dynamical equilibrium—the equilibrium of steady motion. The more correct analogy would be to compare the study of economic phenomena with that of the conditions of and oscillations about a position of steady motion? Consider a “stationary” society, a society without external interruptions, with a stationary population, in which no rapid changes of demand, industry, or production take place. In such a society we may be able to discover that “in the long run” the prices of the main articles of commerce tend to certain fixed prices. These are the normal prices; but during short periods the price of any particular article may diverge widely from its normal price. If the society is progressive, in the sense that frequent improvements are made in different branches of industry, the normal long period prices will move; the price of some article will on the whole be steadily rising, of another be falling. The present reviewer once took out the figures giving the percentages of members of a certain trade who were unemployed in each month over a series of years and analysed this fluctuating number into its component parts; there was a seasonal oscillation, a long period (about seven years) oscillation, and a general movement of improvement. The “curve” was composed of three harmonic movements. Now in both these instances the general change, due to “progress” or a continuous change of conditions in the same direction may be difficult to prophesy about; our material is too small, our knowledge of the future uncertain, but that is no reason why we should not successfully investigate the “long period” and “short period” positions of equilibrium. Dr. Schumpeter, in his wish to limit economics to “statical” problems, seems to underrate the great importance of the normal long period phenomena; this, again, leaves him to attach too little value to the cost of production theory in so far as it traces the effect of cost upon price in the long run. It may be that West European civilisation is becoming so “progressive” or “dynamical” that in some cases the analysis of long period phenomena is not of great utility; this is a question of fact which requires careful investigation; but just as in the theory of tides we have to analyse the tide into many separate tides and then can usefully prophesy the height of the tide at a given place in the future, in spite of the fact that there are secular changes in the level of the dry land and that at times an earthquake may upset our results; so we can obtain much knowledge about price levels which are not merely momentary. This omission of the element

of time naturally leads Dr. Schumpeter to have new views on the theory of interest—for the rate of interest is a time phenomenon, its dimensions are merely minus one in time—and leads him also, in the opinion of the present writer, to underestimate the importance of the distinction between land which is very permanent and capital which is less so. A further praiseworthy wish to separate psychology from economics again seems to have caused the author to miss the fundamental importance of the conception of consumer's rent. The fact that often we should be willing to pay more than we in fact do for any particular article which we purchase, is very important; in particular the effect of taxation cannot be understood unless it is appreciated. It is a mere chance due to the fact that economists generally begin with prices and not with total utility, that consumer's rent appears in the form of an integral; nor does a fact cease to be a fact because it is psychological.

But all these matters are questions of emphasis rather than of principle. By his exposition of the "method of variations," the author shows the way in which certain problems are solved by economics, and illustrates the limits of the subject. His views about interest are novel; it is to be hoped that they will be developed by him in a separate treatise, where his criticisms of Dr. Irving Fisher's theory should be valuable. The great value of the book lies in the fact that it forces the reader to reflect generally upon his whole subject. The length of the book—unindexed as it is—is a fault; much could have been stated more shortly without loss of accuracy; its tone, in particular that of the preface, is worthy of all commendation.

C. P. SANGER

Verfassung und Verwaltungsorganisation der Städte. VII. Band, England—Frankreich—Nordamerika. (Leipzig: Duncker & Humblot, 1908. Pp. xvii + 526.)

ANOTHER example of the thoroughness of German scholarship is seen in the series of volumes on municipal government planned by the Verein für Socialpolitik. The towns of the various States of the German Empire, of Switzerland, and of Austria, are covered by the first six volumes, and the present, the seventh and last, deals with the government of cities in England (by F. W. Hirst), France (by H. Berthélemy), and the United States (by F. J. Goodnow and D. F. Wilcox). The first and third sections are written in English, the second in French. All the

sections have been printed in Germany; the French is tolerably correct, but in the English there are a large number of curious misprints, apart from those noted on the eight pages of corrections.

The book opens with a straightforward, simple account of municipalities in England; their history is told in broad outline, and their method of work at the present day is explained briefly and well. Officials, committees, and Standing Orders are all treated in turn, and the question of finance receives the attention it deserves.

From the general survey the author turns to London, and starts off with a skeleton history of London as a municipality. The story is somewhat sketchy; but probably the author's space was limited, seeing that he devotes only twenty pages to it. Yet, incomplete as it is, it suffices to give the reader some idea of how the City of London grew up. The historic sketch is supplemented by a short description of the existing City of London and of the Metropolitan Boroughs. It is when the author comes to the London County Council that he seems to warm to his work. He is certainly at his best here. He gives a full and readable account of the Council and of its various committees.

The four chapters on French municipalities are businesslike and to the point. They furnish material for a useful comparative study of civic institutions. The same may be said to even a greater degree of the last portion of the book, which deals with the cities of the United States. What strikes the reader here at once is the contrast between the English and American municipalities. The former have a free hand; the latter are dependent on the State legislature. It follows from this, as Mr. Goodnow shows, that the influence of political parties in American municipal life is everywhere very great, and mostly very bad. The English system of local government may not perhaps be perfect; but it is certainly preferable to the American one, with its corruption, its extravagance and inefficiency. Both Mr. Goodnow and Mr. Wilcox deplore the prevailing state of things, but, of course, their work in this book is, in the first instance, descriptive. And they have done it very well. The former deals quite generally with the position and powers of cities in the United States, and points out that there are local differences in their character and organisation. He cites three kinds, which he calls respectively the "council" type, the "board" type, and the "mayor" type. Hence it comes about that while Mr. Hirst in the section dealing with England gives but one example of civic

organisation (he takes the city of Leeds), Mr. Wilcox, in the American section, deals with no less than ten cities, including in his scheme New York, Washington, Chicago, and San Francisco. This part of the book is particularly interesting. The book as a whole was well worth publishing; it is by no means the least useful volume in the series which it completes.

M. EPSTEIN

HILBERT, DR. HANS : *Die Kapitalanlagen der deutschen Privatversicherungsgesellschaften und ihre Bedeutung für den deutschen Geld- und Kapitalmarkt*. (Jena : Gustav Fischer, 1908. Pp. viii + 214.)

THE author sets out with the fact that the capital of German insurance companies is increasing more and more. Now since in this capitalistic age all ready cash must be invested and no chance lost of reaping interest, the insurance companies become important not only as insurance institutions, but also as credit institutions. And his theme is to consider to what extent, and in what way, they should most usefully invest their capital, and what control the State should exercise over their activities in this direction. The book is a very careful treatment of these three questions.

M. EPSTEIN

MOLL, DR. E. : *Die Rentabilität der Aktiengesellschaften, ihre Feststellung in amtlichen und privaten Statistiken auf Grund der Bilanzen*. (Jena : Gustav Fischer, 1908. Pp. xi + 288.)

THIS book is a comprehensive consideration of the means of publishing the most reliable statistics in order to show the relative profitableness of joint-stock companies. The author discusses and criticises the methods adopted in the past to bring out this particular point, and suggests more improved methods for the future.

M. EPSTEIN

Preussens Städte. (Berlin : CARL HEYMANN, 1908. 10 marks.)

On the 19th of November, 1908, a hundred years had passed since the promulgation of the *Städteordnung*, or Municipal Ordinance, by which Baron vom Stein laid the foundation of urban administration in Prussia. The Prussian Municipal Congress (*Städte-tag*) entrusted to Professor H. Silbergleit, Director of the Berlin

Statistical Office, the task of preparing a fit *Denkschrift* by which to commemorate the auspicious anniversary, and an ample and laborious volume bearing the foregoing title is the excellent result. The book contains a review of the administrative achievements of all the 110 Prussian towns with a population exceeding 25,000 at the last census. The first 137 pages are taken up with brief historical memoranda relating to all these towns; there are over 500 pages of statistics covering the entire field of municipal life and administration; and the editor himself has contributed a careful and illuminating study of the statistical data which he has collated in such overwhelming affluence. Among the subjects specially dealt with both by the tables and the editorial review are growth of population (with particular reference to birth, death, infantile mortality, and marriage rates), education and its cost, public health, social welfare (from which the poor-law is unfortunately excluded), transport, municipal enterprise, savings banks and local taxation. Upon all these subjects Professor Silbergleit gives a mass of comparative statistics relating to the whole of the 110 towns, making his volume an incomparable storehouse of facts of inexhaustible interest to students of municipal organisation and administration in Germany. As a piece of statistical literature *Preussens Städte* is worthy of the fine work which so many of the Municipal Statistical Offices of Germany, and not least that under Professor Silbergleit's able direction, every year produce.

WILLIAM HARBUTT DAWSON

Le Entrate Pubbliche dello Stato Sabaudo, durante la guerra di Successione Spagnuola. By L. EINAUDI. (Torino, 1907.)

La Finanza Sabauda durante la guerra di Successione Spagnuola. By L. EINAUDI. (Torino, 1908.)

Il costo della guerra di Successione Spagnuola. By A. PRATO. (Torino, 1907.)

Censimenti e Popolazione in Piemonte nei Secoli XVI., XVII., XVIII. By A. PRATO. (Roma, 1906.)

It is impossible in a brief review to do adequate justice to these elaborate monographs, which are monuments of patient work and careful research in the financial archives of the former duchy and kingdom of Savoy. The first three, which are the opening instalments of a series of investigations to be conducted under State assistance by economists of established repute in the

University of Turin, are intended to throw light on the financial history of Piedmont during a critical epoch in the evolution of the House of Savoy. The war of the Spanish Succession which divided Europe into two great camps, and two great leagues, was the period when a skilful, persevering, and unscrupulous ruler, Victor Amadeus II., by his courage and diplomacy permanently laid the fortunes of his State and converted a duchy, that was a Naboth's vineyard to the Houses of Bourbon and Habsburg, into a kingdom. The financial aspects of this war, so far as they affect Savoy, are illustrated and discussed with a wealth of detail based on official records that make selection and discussion both unsatisfactory and difficult. It is not easy to over-estimate the labour that the compilation of these statistics must have cost their editors, nor to admire too much the care and ingenuity with which the figures are disentangled, rearranged, and so lucidly explained. The results broadly have both a historical and an economic importance; historically because they will enable the student to understand more clearly the financial basis on which the policy of the Duchy of Savoy necessarily rested; economically because they provide a documental investigation into the statistics and public finances of a progressive political organisation with a great future before it. Professors Einaudi and Prato have not only published a complicated series of treasury records; they have combined them into a complete picture of the public and domestic economy of the Savoy State as a whole. In his general estimate of the total cost of the war, Signor Einaudi refers, with praise that no one would wish to qualify, to the model study by Sir R. Giffen on the cost of the Franco-German war of 1870-1, and while expressing his obligations, explains with convincing lucidity the difficulties of applying Sir Robert's methods and tests to the more limited subject in hand. But Professor Einaudi in four separate sections endeavours to estimate the cost (a) proper of the military operations; (b) of the conduct of the war for the head of the State; (c) "*dei risultati patrimoniali*" (a term difficult to translate, but the sense of which is perfectly intelligible); and lastly (d) the burden imposed on the people of Piedmont. These estimates and calculations (which are illustrated statistically also very fully by Professor Prato) give, if I understand them correctly, a final figure equivalent to about six millions and a half English pounds (reckoning the Piedmontese lira at the rate of exchange given by the treaty with England of August 4th, 1704). This is obviously a very large sum, if it is remembered that Savoy was one of the minor States of Europe, and that the value of money

was different two centuries ago. As to the modern value of £6,500,000, it would not be possible without very careful statistics and inquiry to offer an opinion. But no economist would probably place it at less than £20,000,000 of our money to-day. It is not surprising therefore, as the documents show on every page that the financial strain on a small State such as Savoy was excessive, and it says much, both for Government and people that this crushing burden was somehow met without a complete collapse.

The financial methods—direct or indirect taxation, contributions in kind, loans, exactions imposed on districts conquered or occupied—employed to provide resources are fully explained and statistically worked out with almost embarrassing wealth of detail by the editors. But it may be questioned whether without the subsidies of her allies Savoy could have paid her way or continued in the war. The greater part of these payments in aid came from England. The figures as to these, with explanatory text, will be found in Professor Einaudi's fifth chapter. From Holland the amount received would seem to be rather more than two million lire, but from England (between 1703 and 1713) the sum is calculated at 32 million lire, or, on another calculation, at 28½ million lire, in the money of 1703—1713.

Apart from the richly-seamed mines of information on public issues in which the student can now quarry, Professor Prato's volume provides some interesting peeps into the domestic economy of the Savoy Court. The items here are minute, entertaining, and suggestive. On an average more than three times as much was spent on wine from Champagne and Burgundy as from Nice (Nizza). The "bibliotecario e istoriografo" receives 900 lire as against 1,000 allotted to "un parruchiere e barbiere della Persona," and 1,500 to "un Chirurgo." And England not only provided subsidies during war, but dogs and horses also for hunting in time of peace. The figures, carefully analysed by the editor, bear out his conclusion that the expenditure of the Royal and ducal household was conducted on economical lines. Though an exception must be made in the benefactions to the church, and under the heading of "Piaceri Minuti," where the ducal favourite, the Contessa di Verrua, cost her princely lover on an average at least ten or twelve times as much annually as his historiographer and librarian. The Countess's allowances indeed make a singular contrast to the modest monthly payment of forty lire allotted for "pocket-money" to the three (legitimate) sons of Vittorio Amedeo. To the student alike of social habits, costume,

and comparative prices the tables and statistics of Signor Prato will furnish no small returns.

Professor Prato's other monograph, a statistical study of the material for determining the population of Piedmont in the sixteenth, seventeenth, and eighteenth centuries, is a valuable supplement to the above works. In his first chapter the writer examines critically the sources from which the Piedmontese census returns may be compiled, and tests their information by modern requirements in statistics. In his second chapter he gives the results of his investigation on these various lines of inquiry. In his third he devotes himself to the city of Turin, while the fourth chapter, working on eighteenth-century records, aims at classifying and distributing the figures obtainable under specified heads. The whole inquiry illustrates the writer's ingenuity and patient research, and is replete with instructive and interesting conclusions. For example, in 1734 the males in Piedmont exceeded the females in the proportion of 50·18 to 49·82 respectively; conversely in 1901 females are 50·56 per cent. of the inhabitants. The disastrous effects of the plague of 1630, and of the war of the Spanish Succession are very strikingly shown (pp. 36 and 37), though the exact losses in each case cannot be calculated with irrefutable certainty. When we come to the middle of the eighteenth century we are on surer ground, and nothing can better illustrate the steady progress of Piedmont than the tables on p. 116, where the density of the population per square kilometre is shown to have risen from an estimated 46 in 1589, dropping to 44 in 1700, rising to 69 in 1750, and reaching 113 in 1901.

These detached comments scarcely more than scratch the surface of the vast area covered by those various monographs; but they may induce the historical and statistical economist to examine more closely the information now at his disposal. Professors Einaudi and Prato indeed have set to their successors in the work that they have begun under State auspices a standard which it will be difficult to attain.

C. GRANT ROBERTSON

A Study of the Topography and Municipal History of Præncste.

RALPH VAN DEMAN MAGOFFIN. (Baltimore: The Johns Hopkins Press, September, October, 1908.)

THIS is a volume in the Johns Hopkins University Studies in Historical and Political Science. The author, a Fellow in Latin

of that University, proposes to elucidate the history of the early Latin League by topographical and epigraphical studies, of which this is the first instalment. His first chapter explains in a lucid manner the geographical facts which contributed to make Præneste an early rival of Rome. The city controlled the inland routes between Upper and Lower Italy. Her alliance was therefore of value to many communities, and it is probable that like Argos and Mycenæ, she grew rich by the imposition of tolls. In discussing the fortifications and monuments of the city he gives a good account of the precautions by which the water-supply was protected against besiegers, and pasturage within the ramparts provided for the cattle of the citizens. It is a pity that Mr. Magoffin has not told us more respecting the commercial rivalry of Rome and Præneste, which, as he incidentally remarks, was continued into the middle ages. He appears to have made some study of the mediæval authorities for his subject, and this line of inquiry might be profitably extended. The economic history of Central Italy has still to be written.

H. W. C. DAVIS

NOTES AND MEMORANDA.

AN IRON TRADE SLIDING SCALE.

THOUGH the theoretical advantages of the Sliding Scale as an efficient piece of mechanism for the adjustment of wages have not lost force or verity, the method itself is of much less importance than formerly, because of the immense reduction in the number of operatives whose wage rates are so regulated. The change has occurred principally through the abandonment of the scales in all the important coal-mining areas. The new trade unionism and the minimum-wage theory which have been responsible for the destruction of the mining scales, have not, as yet, obtained any considerable measure of support among iron-workers, and consequently their allegiance to the method remains unshaken. No doubt this is also due largely to the influence of the men's leaders, which is more complete and authoritative than recent experience has shown to be possessed by officials of some other trade unions; but there is no reason to suppose that the operatives themselves are less favourably disposed towards the method than the men whom they elect as office-bearers, for if there were any dissatisfaction concerning either principle or practice it is quite likely that the advice of leaders, however great their influence or important their past services, would be disregarded. Recently there have been occasions which seemed to prepare the way for the expression of any latent dissatisfaction there might have been, but none has been heard.

It would be a mistake to assume that the Midland scale, or rather the Midland Iron and Steel Wages Board, whose mechanism it is, has not suffered vicissitudes. There have been times when the Board has seemed to be in danger of dying of inanition, and, of course, the Sliding Scale, the supervision of which is the most important though not the only part of its work, would have disappeared with it had the worst fears been realised. Success itself is a source of weakness. From year to year wages are

regulated with such an absence of friction that there is a tendency amongst employers and employed to become, in a sense, unconscious of the Board's existence. The "ascertainments" of net average selling prices and the rates of wages which they carry become widely known; they are accepted without question as a rule; and there is a natural inclination to become neglectful and indifferent to the claims of the Board to the membership and support of every employer and operative in the industry. In the past long periods of smooth working have resulted in the membership and income being reduced; and yet all the time the Sliding Scale has governed the industry as thoroughly and completely as if every employer and operative remained in full membership. If they have no other effect, such conditions inevitably produce discontent among the most loyal, who fail to see the force of meeting the whole of the expense entailed by the Board's organisation, while others less mindful of their obligations benefit equally from its operations.

These, however, have not been the only difficulties. An awkward fact which prevents the Midland Iron and Steel Wages Board from carrying on its business undisturbed by considerations other than the condition of the industry in the area for which it legislates is the existence of a second iron-trade Sliding Scale—in the North-Eastern part of the country. It is an argument of the operatives' section (and exception to it has never been taken by the employers) that the labour involved in puddling a ton of iron is equally arduous whether performed in the Midlands or the North, and that accordingly the reward should be equal. The admission of the contention involves the constant watching of the Northern wage (at any rate on the part of the operatives), and complications have arisen as the result.

In recent years the relative character of the industry as pursued in the two districts has changed. In the North there is admitted to have been an improvement in the quality of the iron produced. Quality has not deteriorated in South Staffordshire, but the proportion of high-class special irons to ordinary irons has diminished as compared with a quarter of a century or even ten or fifteen years ago, owing mainly to the displacement of iron by steel. Because of this change, alone, it is not so easy as it used to be to secure equality of wage rates. And the difficulty has been still further increased by other circumstances characteristic of the industry in the two districts. There are fewer manufacturers in the North; that fact has facilitated agreements to maintain selling prices, and in the last few years these arrange-

ments have been singularly successful. In South Staffordshire and the adjoining districts, on the other hand, the greater number of firms, and the wider variation in the quality of their products, have proved hitherto an insurmountable barrier to the success of the many attempts to agree upon a basis selling price for the kinds of iron which bulk most largely in the returns, and therefore influence them most. The inevitable consequence is that in times of slackening trade Midland prices fall quicker than those of the North, and in a short time the Midland scale gives a lower wage per ton for puddling. When this happens there is naturally a request from the men for the restoration of equality. Twice in less than five years the Board has had to deal with this position. In 1904 it was felt necessary thoroughly to overhaul the Sliding Scale basis, and over a year was occupied in the work. The publication of the "ascertainments" of quantities and selling prices was suspended, as will be seen from the table below, and experimental "ascertainments" were made.

It is not necessary here to enter into a detailed description of the working of Wages Boards and the arrangement of Sliding Scales—probably most readers are familiar with the subject, and those who are not will find it fully dealt with in Professor Ashley's book, *The Adjustment of Wages*—but to bring out the point it may be mentioned that the Midland custom is to allow 1s. of wages for each pound sterling of net average selling price, and to add a "premium." For example, the scale worked under during the last three years is thus officially described:—

"Puddlers' wages shall be two shillings in excess of one shilling for each pound sterling per ton in selling price, and the fractional parts shall be regulated thus:—

						Wages.
From	over	2/6	to	5/-	...	3d.
"	"	5/-	to	7/6	...	3d.
"	"	7/6	to	10/-	...	6d.
"	"	10/-	to	12/6	...	6d.
"	"	12/6	to	15/-	...	9d.
"	"	15/-	to	17/6	...	9d.
"	"	17/6	to	22/6	...	1s.

The result of the experimental "ascertainments" during 1905 convinced the Board that no selection of manufacturers, whose returns are taken, would affect the average selling price appreciably, and that the scale could only be altered to meet the wishes of the operatives by increasing the "premium." This was done, and a new agreement on the terms already set out was entered into for two years. It is remarkable that this period has

barely elapsed before depression in trade has again caused disparity between selling prices, and, consequently, between wages rates awarded by the scales in the two districts. In June of this year the Midland rate fell out of relationship to the Northern rate; notice to terminate the agreement was given, and in about a month the Board had met, and, guided no doubt by the experience of 1905, had resolved upon a further increase of the "premium," making it 2s. 3d.

When the wages columns of the table given below are examined in conjunction with the notes concerning them the constancy of this difficulty will be apparent. During a considerable portion of the period covered by the table the scale has really been suspended—either the employers or operatives have given up the right to an alteration of wages, and this means, in effect, that the "premium" has been increased or reduced by the amount of the alteration abandoned. And yet the Midland scale must be described as completely successful. The explanation is the prevalence of a reasonable spirit of give-and-take. The unwritten law that wages in the Midlands should equal those in the North has been loyally observed. There has been some grumbling on occasions—what institution ever escapes?—but when this safety-valve has operated both sides have turned to the settlement of their difficulties without trace of bitterness or friction. If proof of this were needed it would be found in the fact that for about thirty-five years there has not been a general strike in the Midland iron industry, and probably the cases of dissatisfaction culminating in even small sectional stoppages (which are against the Board's rules) could be counted on the fingers of both hands.

It does not appear necessary to devote much space to detailed comment upon the figures in the tables, but one or two features may be mentioned. Statisticians will be particularly interested, no doubt, in the fact that the net average selling price is a "weighted average," and, as far as I have been able to discover, it has been so throughout the long existence of the Midland Board. The table giving full details for one year also shows very conclusively that bars are the staple product of the industry which the scale governs, and though the change in the number of firms whose returns are taken, and the consequent increase in quantities, has caused the absolute totals for other kinds to be either maintained or increased, personal experience suggests that this characteristic is likely to become more pronounced.

The table also affords a comparison of average selling prices

during two periods of activity. The relative prosperity of the two is not accurately measured by the difference in the averages, for high selling prices, though an indication of active trade, are always accompanied by, and to a greater or lesser extent are the consequence of, dear raw materials and swollen costs of production, with the result that the margin of profit is not strictly proportionate to the differences in prices. But still the juxtaposition of £9 18s. 8d. for July-August, 1900, and £7 10s. 6d. for September-October, 1907, is significant. Both these represent "boom peaks," and may be taken as indicative of the state of trade in the two periods. Unfortunately, the table does not embrace a sufficient number of years to present two complete trade waves, or cycles, but the top of both waves is shown and the trough between them. The £6 3s. 9d. of September-October, 1904, is apparently not the extreme depth of the depression. In the succeeding two months, when the average was not ascertained and when wages were fixed by the simple process of following the ascertainment of the Northern Sliding Scale, the rate of wages sank to 8s. 3d. per ton, which in the ordinary course would have meant that the average price was down to at least £6, and it might even have gone to £5 17s. 6d. Another two months later saw wages restored to 8s. 6d., and that rate continued without variation during the whole of the interregnum. It is obvious, therefore, that the lowest point touched was in the winter of 1904-5, and that if the average for the remainder of 1905 were known and could be expressed in a curve the line would be fairly flat, with perhaps, a slight upward tendency towards the end of the year. Assuming that the lowest average was £6 it is apparent that the improvement of 1906-7 was exhausted by the time it had made a difference of 30s. to the average. The table begins with £7 12s. 1d. for September-October, 1899, because that happens to be the earliest of my own records. It will be noticed that the average was already nearly 2s. per ton higher than the best average of 1907, and all who know the trade will be very confident that £7 12s. 1d. did not represent the beginning of the upward movement of that period. Yet, though the beginning of the wave is unrepresented there is shown an increase of £2 6s. 6d. per ton in the average before it was exhausted. Estimated by this standard, and after making allowance for the circumstances already mentioned, it is obvious that 1907 fell a long way short of 1900.

MIDLAND IRON AND STEEL WAGES BOARD.

Total quantities of "Finished iron" and steel, certified net average selling price, and rate of puddlers' wages.

Since January, 1902, the returns made to the Board's accountants have been "the weight and selling-prices of all classes of iron as rolled and delivered from the mills, sold and marketed, but excluding any which has been used up in other departments, and all steel." Prior to 1902 certain irons (mostly of a miscellaneous character) were excluded. These, on the only occasion when they were separately stated, totalled 1,665 tons for a period of two months.

The number of firms making returns to the accountants has varied as follows:—

Sept.-Oct., 1899 to July-Aug., 1902 12 firms.

Sept.-Oct., 1902 to Sept.-Oct., 1904 11 firms.

Nov.-Dec., 1904 to Nov.-Dec., 1905 None; Sliding Scale basis being rearranged.

Jan.-Feb., 1906 to end of period covered 17 firms.

Period.	Total tons.	Net average selling price.	Puddlers' wages per ton.	Period.	Total tons.	Net average selling price.	Puddlers' wages per ton.
1899.		£ s. d.	s. d.	1904.		£ s. d.	s. d.
Sept. and Oct.	29167	7 12 1.6	9 0	Jan. and Feb.	26424	6 10 2.9	8 6
Nov. and Dec.	29270	8 3 9.5	9 9	March and April.	27090	6 8 5.5	8 6 (f)
1900.				May and June.	26863	6 7 2.2	8 6 (g)
Jan. and Feb.	28217	8 14 7.9	10 3	July and August.	25292	6 14 11.5	8 6
March and April.	28467	9 6 6.3	10 9	Sept. and Oct.	27499	6 3 9.1	8 6
May and June.	26930	9 15 4.7	11 3	Nov. and Dec.	No returns.		
July and August.	21787	9 13 8.1	11 3 (a)	1905.			
Sept. and Oct.	26189	9 15 0.4	11 3	Jan. to Dec.	No returns.		
Nov. and Dec.	2313.	9 0 7.7	10 6	1906.			
1901.				Jan. and Feb.	38058	6 12 7.5	8 9
Jan. and Feb.	13641	7 19 0.4	9 6	March and April.	34844	6 18 3.1	9 0
March and April.	26678	7 7 8.1	9 0	May and June.	35492	6 18 6.8	9 0
May and June.	28183	6 19 2.5	9 0 (b)	July and August.	32114	6 16 2.6	8 9
July and August.	24326	6 17 0.4	8 6	Sept. and Oct.	37790	6 17 5	8 9
Sept. and Oct.	29310	6 18 0.8	8 6 (c)	Nov. and Dec.	37965	6 18 9.8	9 0
Nov. and Dec.	26368	6 19 5.3	8 6	1907.			
1902.				Jan. and Feb.	40394	7 2 8.8	9 3
Jan. and Feb.	29529	6 17 10.1	8 6	March and April.	37496	7 7 0.7	9 3
March and April.	28899	6 17 10.3	8 6	May and June.	38310	7 7 6.2	9 6
May and June.	26828	6 17 9.8	8 6	July and August.	37129	7 8 6.9	9 6
July and August.	27673	6 18 4	8 9 (d)	Sept. and Oct.	39826	7 10 6.9	9 6
Sept. and Oct.	31202	6 18 7.7	8 9	Nov. and Dec.	36813	7 9 9.8	9 6
Nov. and Dec.	29625	6 19 8.2	8 9	1908.			
1903.				Jan. and Feb.	36743	7 4 11.4	9 3
Jan. and Feb.	28719	6 17 11.9	8 9	March and April.	38077	7 0 3.3	9 0
March and April.	27350	6 17 4.3	8 9 (e)	May and June.	31436	6 16 0.2	8 9
May and June.	28686	6 17 1.8	8 9	July and August.	32354	6 9 8.7	8 9 (h)
July and August.	27177	6 15 10.8	8 9	Sept. and Oct.	37359	6 6 11.1	8 6
Sept. and Oct.	31356	6 15 3.8	8 9	Nov. and Dec.	30903	6 6 5.6	8 6
Nov. and Dec.	25849	6 14 3.7	8 9				

COMPLETE DETAILED RETURN FOR ONE YEAR.

An idea of the elaborate nature of the figures summarised above will be obtained from the following tabulation of all the details of the returns for 1907:—

Period.	Bars.		Angles and Tees.		Plates and Sheets.		Hoops, Strip & Miscellaneous.		Total quantity, tons.	Net average selling price.	Puddlers' wages per ton.
	Tons.	Average price.	Tons.	Average price.	Tons.	Average price.	Tons.	Average price.			
1907.		£ s. d.		£ s. d.		£ s. d.		£ s. d.		£ s. d.	s. d.
Jan. and Feb.	26544	7 2 5.5	980	7 6 8.2	2143	8 1 1.3	10777	6 19 5.1	40394	7 2 8.8	9 3
Mar. and Apr.	25358	7 6 9.4	1068	7 9 8.4	1987	8 4 7.5	9087	7 3 8.2	37496	7 7 0.7	9 3
May and June.	26070	7 6 7.8	1021	7 12 9.5	1898	8 6 7.1	9819	7 6 5.9	38310	7 7 6.2	9 6
July and Aug.	24209	7 7 8.7	1029	7 12 0.1	1854	8 6 0.4	10080	7 7 0.6	37129	7 8 6.9	9 6
Sept. and Oct.	26711	7 9 9.2	825	7 14 11.5	1977	8 7 7.5	10311	7 9 0.6	39826	7 10 6.9	9 6
Nov. and Dec.	25171	7 9 6.2	792	7 13 0.4	1870	8 8 9.8	8979	7 7 5.6	36813	7 9 9.8	9 6

NOTES CONCERNING THE WAGES COLUMNS.—The Sliding Scale in operation at the commencement of the table allowed 1s. wages for each pound sterling of average selling price, dealt with fractions of a pound in the way set out above, and added a premium of 1s. 6d. Thus, the 9s. per ton for September-October, 1899, was made up as follows:—Average price, £7 12s. 1d.; £7 carries 7s. wages; 12s. 1d. carries 6d. wages; premium, 1s. 6d.; total, 9s.

The rates of wages are attributed to the same months as the figures on which they are based, but it should be explained that the rate at which the men have been paid during the two months is not necessarily that shown. For instance, the 9s. per ton (an increase of 3d. per ton) given by the average for September-October, 1899, did not come into operation until December 4th of that year. From December 4th to February 4th, 1900, the rate was 9s.; and from February 5th to April 7th, 1900, the rate given by the November-December, 1899, average (9s. 9d.) was in force. The explanation is furnished, of course, by the time occupied in the clerical work of abstracting, compiling, and checking the return. The September-October, 1899, figures were submitted to the Wages Board on November 30th, and the November-December, 1899, figures on January 25th, 1900. It is necessary in tabulation to keep together the average selling prices and rates of wages carried by them, but the difference in the periods to which wages apply should not be overlooked. It sometimes has an important bearing on the policy of the board.

(a) An instance of the effect alluded to above is furnished by the returns from July to October, 1900. The July-August average of that year (£9 18s. 8d.) if tested by the scale then in operation will be found to give 11s. 6d. per ton wages, whereas the rate declared by the Standing Committee was 11s. 3d. This return was submitted to a meeting of the committee on September 19th, 1900, and if the September-October figures are examined it will be seen that the average selling price had dropped 3s. 8d. per ton from the average of the previous period. The September-October average was not known when the Board met, but obviously the committee were considering a high-water average at a time when the personal experience of the manufacturers on the committee showed them that the tide had actually turned. Probably the set back in market prices was much greater than the average reduction of 3s. 8d. per ton suggests. Both the rise and the fall of the average are slower

than market movements. At the beginning of a rise there is almost invariably an accumulation of contracts taken at old, low prices. Until these come to an end the average selling price is kept down, below the prevailing level of market prices. At the conclusion of a spell of prosperity, when demand begins to slacken and prices to fall, there is, on the other hand, as certain an accumulation of high-priced contracts and until these are fulfilled the average is kept above the prevailing market level of prices. The latter conditions were experienced in September, 1900, and the Standing Committee were faced with an awkward position—the right of the men to an increase at a time when prices had declined and were still declining. The manner in which the difficulty was settled is shown in the following resolution of the committee :—

“That in view of the fact that a further advance in wages would make the difference between the Northern and Midland districts wider than in any time past, it is considered to be in the interests of the trade of this district to waive any advance on the present occasion, especially as on nine former occasions the employers have made a similar concession as specified below.”

Particulars followed of the nine occasions on which the accountant's certificate gave a reduction of 3*d.* per ton in wages which was not claimed by the employers. The resolution, it will be observed, makes no reference to circumstances to which attention has here been called, and gives as the main reason for the decision the disparity between Northern and Midland wages. The latter were disproportionately high, and this fact is of interest in view of the points brought out by the succeeding notes.

(b) The extent of the fall in prices during the succeeding year completely reversed the position and so after considering the figures for May and June, 1901 (on July 31st) the Standing Committee resolved :—

“The operatives having, on a recent occasion, waived their right to an advance of wages to which they were entitled the employers under present circumstances waive their right to a reduction on the present occasion.”

Had the Sliding Scale been adhered to the reduction would have been 6*d.* per ton.

(c) The attempt to maintain equality between Northern and

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Midland wages was not destined to succeed. In this period 8s. 6d. was the rate given by both scales. The apparent contradiction in this statement is explained by the fact that in the North there are certain allowances or "extras" which make a rate of 8s. 6d. per ton there equal, as a reward for labour, to 9s. in the Midlands. "Equality" between the two districts is therefore taken as secured when the Midland rate, whatever it may be, is 6d. per ton more than the Northern. Naturally the operative members of the Standing Committee insist on the maintenance of this "equality," or "relationship" as it is called. The fact that both scales gave 8s. 6d. caused dissatisfaction and at the operatives' request the Standing Committee instructed the Board's accountants to ascertain the production and price of certain irons not hitherto included in the return. For November-December, 1901, these totalled 1,665 tons, and the price at which they were sold would have increased the average by 9·8d. per ton to £7 0s. 3·1d. It was recognised that the inclusion of these irons would not have restored "relationship" of wages in the two districts, but it was resolved to include them in future.

(d) In January-February, 1902, Northern wages fell 3d. per ton, while those of the Midlands were unaltered. The inequality was thus halved. This condition was continued by the ascertainment of March-April and May-June. When the latter figures were under consideration the operatives' representatives made a formal application for the Sliding Scale basis to be suspended in order that the "relationship" to the North might be restored. The employers' representatives promised that if the next ascertainment did not bring about equality the scale should be suspended and wages increased. The July-August average left wages where they were and so the promised increase was given. In effect it amounted to an increase of the "premium" from 1s. 6d. to 1s. 9d., but the alteration was not formally made; probably in order that the 3d. might remain a temporary bonus which could be withdrawn in the future if circumstances justified it.

(e) The fall in the Midland average for this period would have given a reduction of 3d. per ton in wages, but in accordance with the undertaking to maintain the "relationship" to the North there was no alteration. This again, in effect, was equivalent to another addition of 3d. to the "premium," making it 2s. per ton.

(f) Throughout the period from March-April, 1903, to March-

April, 1904, it remained necessary to give this extra 6*d.* per ton, but there seems to have been some discontent on the part of the employers. At any rate, when the last-mentioned ascertainment was under discussion

"Some of the manufacturers were strongly of opinion that wages ought to be reduced to the Sliding Scale level apart from any consideration as to relationship to those of the North. . . . They contended that whatever may have been the state of things years ago the Northern 'extras' do not now prevail and in addition there are circumstances, which formerly did not exist, which lead to the maintenance of the average selling price there."

As a result it was agreed to make special inquiry concerning Northern "extras." The suggestion that they had been abandoned was promptly repudiated, and, as it gives an interesting and most suggestive idea of the nature of the "extras" and why they are paid, the material sentences from the Northern Secretary's reply may be quoted :—

" the daily prize money of 1*s.* per furnace for full heats is paid by the firms connected with this Board. There is practically no level-handed work at present, and, therefore, level-handed money is not paid. As regards the Monday working money, this is paid by those firms who work on Mondays, but less than half the members of the Board do so."

In face of such a letter the employers who raised the question had to consent to the continuation of the addition of 6*d.* to the rate of wages given by the Midland average.

(*g*) In the succeeding period they had to go even farther. The average selling price sank sufficiently to give a reduction of 3*d.* in wages which under the scale would have been 7*s.* 9*d.* They were retained at 8*s.* 6*d.*, and the virtual addition to the "premium" thus became 9*d.* per ton.

These conditions continued under the two following ascertainments, but probably it was their experience in connection with "extras" (mentioned under note (*f*)) that caused the operatives' representatives to give notice to end the Sliding Scale so that a new basis might be arranged. Obviously it was undesirable from their point of view that there should be anything which suggested that they were receiving larger wages than they were

legitimately entitled to. By common consent it had long been admitted that a specified relationship should be maintained, and anything which caused its maintenance to bear the appearance of a "favour" rather than a "right" was naturally objectionable to the men. The overhauling of the scale was accordingly taken in hand. For a year there were no published returns, and in the end the "premium" was raised from 1s. 6d. to 2s.; while the number of firms whose figures are taken was increased to seventeen.

In June of last year Midland wages again fell out of "relationship," and it was necessary to increase the "premium" to 2s. 3d., the first payment of that amount being in connection with the July-August ascertainment.

It may be interesting, as a conclusion, to illustrate the form of a Wages Board announcement and an accountants' certificate by quoting the material parts of those for May-June, 1908:—

Midland Iron and Steel Wages Board.

Gentlemen,—We append copy of Messrs. B. Smith, Son, and Wilkie's report for the two months ending June 30th, 1908, and beg to inform you that in accordance with the Sliding Scale arrangements, the wages for puddling will be 8s. 9d. per ton, and all other mill and forge wages will be reduced 2½% from Monday, August 3rd, to Saturday, October 3rd, 1908.

Yours faithfully,

DANIEL JONES, WILLIAM AUCOTT, Secretaries.

We beg to report that we have examined the returns of sales of iron made by the seventeen selected firms for the months of May and June, 1908, and have verified the same with their books.

We certify the average net selling price to have been £6 16s. 0·28d. per ton.

Below is a statement of the several classes of iron sold and the average net selling price of each.

Description.	Weight.				Percentage of Totals.	Average net Price.		
	Tons	cwt.	qr.	lb.		£	s.	d.
Bars... ..	21,591	3	2	11	68·68	6	6	1·19
Angles and Tees. .	725	18	2	20	2·31	7	1	4·19
Plates and Sheets ..	1,476	16	0	26	4·69	7	14	0·66
Hoops, Strips, and Miscellaneous...	7,642	12	1	20	24·32	6	11	9·88
	31,436	10	3	21	100·00	£	6	16 0·28

The following table shows the figures for the previous two months, March and April, 1908 :—

Description.	Weight.				Percentage of Totals.	Average net Price.		
	Tons	cwt.	qr.	lb.		£	s.	d.
Bars	22,791	15	3	17	68·90	7	0	10·59
Angles and Tees... ..	1,092	11	0	20	3·30	7	5	8·94
Plates and Sheets	1,376	17	2	25	4·16	7	14	4·20
Hoops, Strips, and Miscellaneous ...	7,816	14	1	23	23·64	6	15	3·32
	33,077	19	1	1	100·00	£7	0	3·34

A. DUDLEY EVANS

A NOTE ON THE INCIDENCE OF PROTECTIVE IMPORT DUTIES.¹

It is not unusual for a country which imposes import duties to produce itself the articles which it taxes (for instance, when its aim is protection), and it is not unusual for the countries trading with it to produce also for themselves, or procure from yet other countries, articles of the same kind as those which they import from the taxing country. These are the circumstances which I propose to investigate in the present article.

Let there be (i.) two countries (P , the taxing country, and Q), (ii.) two commodities (A , the taxed commodity, and B), and suppose (iii.) that both P and Q produced both A and B before the imposition of the import duty and continued to produce both commodities afterwards. In making the third assumption in our abstract treatment we are merely limiting the broad application of our results to cases in which a country levying an import duty has not succeeded in completely ousting competitors as regards her exports, and goods which have paid the import duty meet in the markets of the taxing country with untaxed rival goods with which they had also been in competition before the import duty was levied. If gains and losses in the taxing country be reckoned in terms of some non-exportable commodity, or service, the quantity of which is not affected appreciably by changes in foreign trade (say domestic service), the effect of an import duty upon the taxing country becomes measurable.

Cost of transport being ignored, the ratio between the costs of production of A and B must have been identical in P and Q .

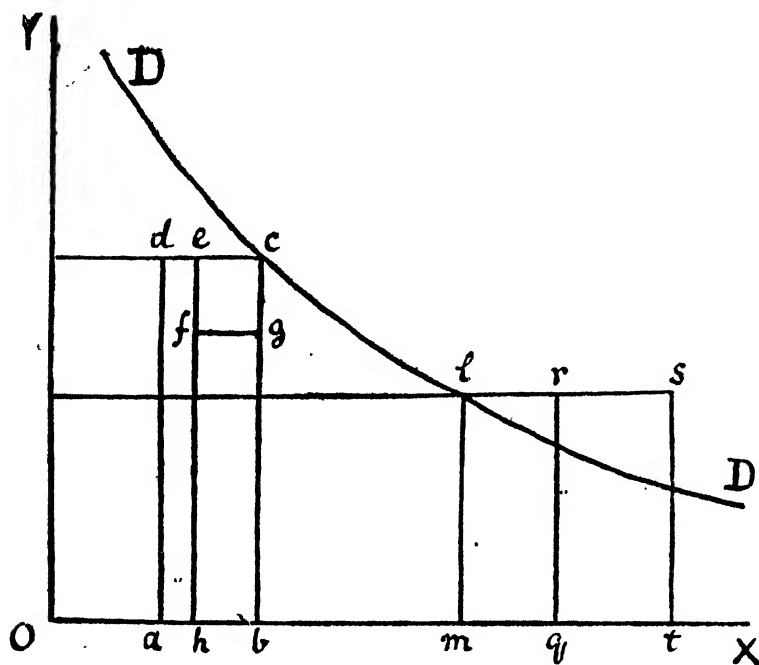
¹ Mr. Bickerdike's speculations on the incidence of incipient import duties [ECONOMIC JOURNAL, Vol. VI, p. 529] are the prime occasion of this note, but I deal only with trade of a particular, though not of an exceptional, kind.

before the imposition of the tax; and after the imposition of the tax on the imports of A , $\frac{\text{cost of production of } A \text{ in } P \text{ less the tax}}{\text{cost of production of } B \text{ in } P}$

must equal $\frac{\text{cost of production of } A \text{ in } Q}{\text{cost of production of } B \text{ in } Q}$. These premisses, combined with ordinarily accepted propositions relating to the determination of value, yield the results set forth below. In the first and more complicated argument (i.) producers' rent is taken into account as well as consumers' rent when production is subject to decreasing returns, and (ii.) in the case of constant and increasing returns, variations in total price (in units of constant value) are supposed to measure variations in total real costs.¹ In the second argument (at the end of this article) producers' rents are disregarded altogether. There is much to be said for ignoring all producers' rents in most problems of international trade.

The conclusions are as follows.² The gain or loss resulting

¹ As regards both these points I have followed good precedents, but it may be incidentally observed that in many cases producers' rent is of small importance



compared with consumers' rent, and that producers' rent is not strictly a thing to be ignored when constant or increasing returns is in operation.

² The proofs are too lengthy for insertion, but their nature may be indicated. With reference to country P let c , h indicate consumption and home production of A respectively before the imposition of the import duty, the rate of which per unit

from the tax may be represented in every case as *twice the proceeds of the tax* (written hereafter as $2T$) plus or minus certain quantities according as A or B is subject to increasing or decreasing returns in the taxing country. These quantities are described beneath. To each a sign is appended which is used afterwards for the sake of brevity. The letters p, c, i, e mean respectively price, consumption, imports, and exports before the imposition of the tax, and p_1, c_1, i_1, e_1 the same when reference is made to conditions after the imposition of the tax. The A or B terminating each sign indicates the commodity to which it relates.

If A is subject to increasing returns in P , there is added to the account as *gain* an amount equal to the fall in price of A in P , consequent upon the tax, multiplied by the average of the quanti-

ties indicated by t , and c_1, h , the same afterwards. Let c^1, h^1, c_1^1, h_1^1 indicate corresponding facts with reference to B . Similarly, let i, e, i_1, e_1 stand for imports and exports before and after the tax. Satisfaction of consumption are functions (F, f) of the quantities of A and B consumed, and total costs are functions (ϕ, Φ) of quantities produced, both being reckoned in units of constant value. Then,

$$\text{Gain or loss} = u = ti_1 + \{F(c_1) + f(c_1^1) - \phi(h_1) - \phi(h_1^1)\} - \{F(c) + F(c^1) - \phi(h) - \phi(h^1)\}.$$

It will be sufficient to suggest the line of argument by giving the detailed working—which occupies little space—in the simple case when A and B are subject to constant returns in P .

I shall state the argument in geometrical form so that all can follow it.

In the figure above let D represent demand for both A and B in the taxing country P . Along OX measure quantities of A and B , and along OY units of some non-exportable good, such as domestic service. Suppose that before the imposition of the import duty P produces Oa and imports ab of A and produces Oi and exports ml of B . Evidently, at the position of equilibrium, $lt = db$. Let a tax, eg , be imposed on importations of A , and let importations of A contract in consequence to hb . Exportations of B will then contract to mq , mq being such that $lq = fb$. There is plainly a gain to P . This gain, since consumers' rent is unaffected, consists in the proceeds of the import duty (eg) plus the saving on production of B for export (rt), less the increased expenditure on the production of A for home consumption (dh). That is to say, calling the gain U ,

$$U = eg + rt - dh.$$

And, *ex hypothesi*, $db = lt$, and $fb = lq$,

$$\therefore rt = dh + eg.$$

$$\therefore U = eg + dh + eg - dh = 2eg.$$

That is to say, the gain equals twice the proceeds of the import duty.

In other cases the argument is more involved, but no new principles are introduced.

As arising out of these investigations, it is interesting to note that prices *need not* be raised in the long period in the country which imposes import duties. In the cases supposed in this article there is only a balance in the long run of bullion imported by the taxing country, in consequence of the tax, when the real cost of the untaxed commodity in the country importing it rises relatively to the real cost of that commodity in the country exporting it. At first, of course, bullion must flow to the taxing country, but ultimately some may flow in the opposite direction, and perhaps a larger quantity.

ties of A consumed in P before and after the imposition of the tax (i.e. $(p-p_1)\frac{c+c_1}{2}A$).

If A is subject to decreasing returns, there is added to the account as loss an amount equal to the rise in the price of A in P , consequent upon the tax, multiplied by the average of the quantities of A imported by P before and after the tax

$$\left(\text{i.e. } (p_1-p)\frac{i+i_1}{2}A\right).$$

If B is subject to increasing returns, there is added to the account as loss an amount equal to the rise in the price of B in P , indirectly consequent upon the tax, multiplied by the average of the quantities of B consumed in P before and after the tax

$$\left(\text{i.e. } (p_1-p)\frac{e+e_1}{2}B\right).$$

If B is subject to decreasing returns, there is added to the account as loss an amount equal to the fall in the price of B in P , indirectly consequent upon the tax, multiplied by the average of the quantities of B exported by P before and after the tax

$$\left(\text{i.e. } (p-p_1)\frac{e+e_1}{2}B\right).$$

The extent to which imports contract depends as much, of course, upon the conditions of demand and supply in Q as upon those in P . A very small tax might cause a considerable contraction, since in Q a large transference of labour and capital from the production A to that of B might be required to bring to equivalence

$$\frac{\text{cost of production of } A \text{ in } P \text{ less the tax}}{\text{cost of production of } B \text{ in } P} \text{ and } \frac{\text{cost of production of } A \text{ in } Q}{\text{cost of production of } B \text{ in } Q}.$$

Now in P either A or B can be subject to constant, increasing, or decreasing returns, independently of the conditions of production which apply to the other. This becomes evident when we bear in mind that the sole condition of equilibrium being restored after the imposition of the tax, without the production of A or B ceasing in either country, is that the ratios

$$\frac{\text{cost of production of } A \text{ in } P \text{ less the tax}}{\text{cost of production of } B \text{ in } P}$$

and

$$\frac{\text{cost of production of } A \text{ in } Q}{\text{cost of production of } B \text{ in } Q},$$

¹ Hence it will be seen that fractions cannot theoretically be eliminated from the expressions $\frac{c+c_1}{2}A$, $\frac{e+e_1}{2}B$, &c., even if the import duty is very small.

which, on the first imposition of the duty, must be different, should converge sufficiently, as a result of the trade induced, to come to equivalence before either industry had contracted to zero in either country; and, of course, the relation between the output and cost of a commodity need not be of the same character in both countries. Hence there are nine cases to which to assign gain or loss.¹

If the production of B in P is subject to constant returns, P must gain $2T$ or more from the tax, except in the case of A being produced in P under conditions of decreasing returns, when

$$\text{gain or loss} = u = 2T - (p_1 - p) \frac{i + i_1}{2} A.$$

Let t be the amount of the tax per unit. Now $p_1 - p$ may be equal to, less than, or greater than t —even considerably greater than t , though this is not likely. Hence $2T$ may be less than

$$(p_1 - p) \frac{i + i_1}{2} A.$$

If the production of B in P is subject to increasing returns, the sign of u is theoretically doubtful. The *a priori* probability would seem to be gain if the production of A also is subject to increasing returns in P , since in the absence of knowledge to the contrary there is no reason for supposing that either $(p - p_1) \frac{c + c_1}{2} A$

or $(p_1 - p) \frac{c + c_1}{2} B$ will appreciably exceed the other.² If, with the production of B subject to increasing returns in P , A is produced under conditions of constant returns in P , the probability of a loss would be high were the importation of A after the imposition of the duty small in relation to the home consumption of B , or were $(p_1 - p) B$ large, which is not unlikely—and the loss might be considerable. The probability of loss is still higher when the output of A is subject to decreasing returns.

If the production of B in P is subject to decreasing returns,

¹ I cannot accept the view that diminishing returns in the long period is to be regarded as normal in articles traded in internationally, and *a priori* probability is a dangerous weapon to invoke in a case of this kind. What is *a priori* probable may be actually most improbable. I doubt the expediency of arguing as if half the value consumed in the world were produced at diminishing returns and half at increasing returns; and, as regards the class of trade that I have been considering, even the assumption that all production is subject to decreasing returns would not establish that gain is always or almost always made from imposing a small import duty.

² This conclusion raises the question whether equal absolute quantities of contraction of a large and a small industry have about the same effect on price as a rule, for usually exports will contract more than imports, and exporting industries may be expected therefore to be larger, as a rule, than industries competing with imports.

all three cases are theoretically doubtful. The probability would seem to be gain if the output of *A* in *P* were subject to increasing returns, but loss would be almost certain if it were subject to decreasing returns.

The nature of these results is not altered by the tax being made very small. The doubtful cases might be divided up into a number of determinable cases by an analysis of the elasticities of supply and demand in *Q* also, but the solution of the problem would then be made highly complicated, and the results reached here are sufficient to establish the point that gain from a small tax is far from being general under the conditions supposed in this paper. As regards the practical application of these results, we may remark that in many instances it is not difficult to pick out from the foreign trade of any country a limited number of leading lines which in comparison dwarf the rest of the trade.

As final generalisations, when the producers' rent, associated with decreasing returns is allowed for, the following propositions may be laid down :—

The most favourable conditions for gain exist when increasing returns rule in the protected home industries, and constant returns, inclining rather to decreasing returns than increasing returns, rule in the exporting industries. The gain might be expected to exceed $2T$, and perhaps by a large amount.

The conditions most likely to result in loss are found when diminishing returns rule in the home industries competing with imports, and increasing returns apply to the industries exporting. The loss might be considerable.

In the above argument, as already stated, the producers' rent earned on the production of an article subject to decreasing returns has been taken into account. I shall now point out what the results would be if all producers' rents were disregarded. The only alterations to be made are these :—

If *A* is subject to decreasing returns the gain of $2T$ is reduced by $(p_1 - p) \frac{e + e_1}{2} A$ instead of $(p_1 - p) \frac{i + i_1}{2} A$. If *B* is subject to decreasing returns the gain of $2T$ is augmented by $(p - p_1) \frac{e + e_1}{2} B$ instead of being reduced by $(p - p_1) \frac{e + e_1}{2} B$. Thus the quantities to be added as gain or loss to $2T$ are always the differences between the aggregates of prices (measured in units of constant value) paid in *P* for *A* and *B* before and after the imposition of the duty—that is to say, the effect is the gain or loss of consumers'

rent plus $2T$. The practical conclusions now become as follows. When B is, and A is not, subject to decreasing returns in P , gain is certain—it is greatest, of course, when A is subject to increasing returns. When B is subject to increasing returns and A to decreasing returns in P , loss is practically certain, since $2T$ is not likely to exceed $(p_1 - p) \frac{c + c_1}{2} A + (p - p_1) \frac{c + c_1}{2} B$. The effects in all other cases are doubtful—the evaluation of the probability of gain or loss in each can be left to the reader.

S. J. CHAPMAN

THE ECONOMIC LEGISLATION OF THE YEAR 1908.

NOTWITHSTANDING the unusual amount of time devoted to measures which failed to reach the Statute Book, the number of public general Acts, seventy-one, passed by Parliament during the last year was beyond the average. The year is likely to be well remembered by the passing of the following Acts of supreme importance, *viz.*, the Old Age Pensions Act, the Coal Mines (Eight Hours Act), the Port of London Act, and the Children Act. The latter, however, is outside the scope of the present summary, which deals only with the legislation of a more purely economic character. It is sometimes difficult to draw a definite line, as many measures are of such a wide-reaching character.

The same difficulty is found in attempting to classify the Acts under heads, as they affect different interests. The following is the classification here adopted:—(I.) *Financial*; (II.) *Commercial*; (III.) *Industrial*; (IV.) *Agricultural and Fisheries*; (V.) *Social Reform*; (VI.) *Public Services*.

1. *Financial*.

With regard to matters of finance, it is satisfactory to notice that the revenue for the year 1907–8 was £156,538,000 and the expenditure £151,812,000, giving a realised surplus of £4,726,000, which, subject to certain deductions, was applied to the reduction of the National Debt. The revenue for the year ending March 31st, 1909, is estimated at £157,770,000 and the expenditure at £152,869,000, promising a surplus of £4,901,000. It is of special interest to note that £1,200,000 of this amount is to be set aside for the first three months' payments for Old Age Pensions.

By the *Appropriation Act* (c. 30) nearly 34 millions was to

be spent on the Navy, making a reduction of more than a million on the figures for the previous year; the cost of the Army was to be nearly 31 millions, showing a decrease of £215,000. The Education grant of £17,715,080 shows a decrease of £17,000.

The *Finance Act* (c. 16) gives effect to the Budget proposals, except the noteworthy ones dealing with Old Age Pensions, which formed the subject of a special Act described below. The duty on tea is continued at 5*d.* per lb. The income-tax remains at 1*s.* The duty on refined sugar is reduced from 4*s.* 2*d.* to 1*s.* 10*d.* per cwt., and on unrefined from 2*s.* to 10*d.* per cwt. The duties on molasses, glucose, and saccharin are reduced accordingly. The Irish Tobacco Act of 1907 is re-enacted, and the excise duties on tobacco produced in Ireland are fixed at 3*s.* 10*d.* per lb. manufactured, 2*s.* 10*d.* unmanufactured, containing 10 per cent. or more of moisture, and 3*s.* 2*d.* when containing less than 10 per cent. of moisture. The stamp duty on policies of marine insurance for a voyage is reduced from 3*d.* to 1*d.* per £100. At a date to be fixed by Order in Council, the power to levy certain taxation licenses, viz., dealing in game, killing game, guns, dogs, carriages, armorial bearings and male servants is transferred from the Commissioners of Inland Revenue to County Councils in England and Wales and when the transfer takes place a sum of £40,000 is to be paid out of the Consolidated Fund to the Local Taxation Account to be distributed amongst the County Councils of England and Wales in proportion to the proceeds of duties collected in each county during the previous year. An Order in Council, published on October 30th, fixed the date as January 1st, 1909.

The *Tobacco-Growing (Scotland) Act* (c. 10) repeals the Act prohibiting the growing of tobacco in Scotland as soon as an excise duty has been imposed. The Commissioners of Inland Revenue are empowered to make regulations prohibiting the cultivation and manufacture of tobacco without a license, or on land or premises approved for the purpose. Tobacco may be grown for experimental purposes subject to special regulations.

By the *East India Loans Act* (c. 54) the Secretary of State in Council of India is given power to raise £20,000,000 in the United Kingdom for the construction, extension, and equipment of State railways in India, or through the agency of companies, and for the construction of irrigation works. The Secretary of State is also authorised to raise £5,000,000 for the general purposes of the Government of India.

II. *Commercial.*

Undoubtedly the most important commercial Act which has been passed for many years is the *Port of London Act* (c. 68), by which the administration of the Port of London has been entrusted to one public authority elected by all the interests involved. For many years a settlement of this question has been urgently required. A Royal Commission in a strong and unanimous report in 1902 reported that the port "is in danger of losing part of its existing trade, and certainly part of the trade which might otherwise come to it" by reason of the inadequacy of the river channels and docks; also that the port "has shown signs of losing that position relatively to other ports, British and foreign, which it has held for so long." The Commission reported that there should be one single public authority for the Thames below Teddington and recommended the transfer to it of the powers and property of (1) the Thames Conservancy in relation to the river below Teddington; (2) the dock companies, and (3) of the Watermen's Company. Since this report there have been no large improvements in the docks. Meanwhile, large sums have been spent on other ports, *e.g.*, in this country, Liverpool, Bristol, and Southampton; while abroad, Hamburg, Antwerp, and Rotterdam, the rivals of London for the *entrepôt* trade, have expended considerably larger sums. London was suffering severely from this competition. "The large ship," says Sir Alfred Jones, "is the economical ship," and London has not made adequate provisions to meet the demand for the large ship. Various measures have been before Parliament introduced by dock companies, the late London County Council, the Thames Conservancy, and the Government, but without success.

By this Act the administration and improvement of the port is vested in a single corporate body called the Port of London Authority. A most important clause provides for the representation of labour on the Port Authority; one of the members to be appointed by the Board of Trade, and one of those to be appointed by the London County Council are to represent labour and are to be appointed after consultation with organisations of labour.

The powers and duties of the Authority are very wide. It is to take the steps it considers necessary for the improvement of the river and the accommodation and facilities of the port. For this purpose it may carry on the undertaking of any dock company transferred to it and any undertaking affording facilities for loading, unloading, or warehousing goods; it may also construct

or manage docks, wharves, buildings, railways, or any other works necessary to the above. The Port Authority may enter into agreements for the acquisition of warehouses and other undertakings necessary to the development of the port, and, failing agreement, may promote Bills in Parliament for such purposes. They may enter into agreement with the London County Council for the transfer of piers, &c.

The financial provisions of the Act give the Port Authority power to impose rates on goods imported and exported and a schedule of the maximum port rates is to be submitted to the Board of Trade and embodied in a Provisional Order. There are to be no preferential port rates or dock charges. Stringent provisions are laid down in order to maintain the Port of London as a cheap port. Goods imported for transhipment only are exempt from port rates. The amount of revenue to be produced is only to be sufficient to meet the expenditure of the port and to provide a reasonable margin for contingencies. The cheapness of the port is further secured by the establishment of limitations to the amounts which can be levied in relation to the aggregate value of goods imported and exported, and if these limitations are found to have been exceeded the Authority must reduce the rates and apply to Parliament, if necessary, for funds. The Authority has power to create stock up to £5,000,000. Other important financial provisions are those laid down for the discharge of loans, application of revenue, creation of reserve fund, and method of audit.

There is a valuable provision made for a right of appeal to the Board of Trade for those merchants who consider that any charges are oppressive.

Another important provision which is likely to have a most salutary effect on the dock and riverside workers is the one which makes it the duty of the Port Authority to regulate the engagement of casual labour by establishing or maintaining, or assisting in establishing or maintaining offices, waiting rooms and employment registers; in fact, to create or assist and make efficient use of a series of collected labour bureaux for dealing with all forms of casual labour affecting the port.

The Act is to come into operation on March 31st, 1909.¹

The *Companies Act* (c. 12) removes certain restrictions upon the holding of land in England by colonial companies. By filing the requisite documents and particulars specified in the *Companies Act* of 1907 they may hold land in the United Kingdom as

¹ Or such earlier or later day as the Board of Trade may appoint.

if they were incorporated under the Companies Acts, 1862 to 1907.

The *Patents and Designs Act* (c. 4) is a short explanatory Act introduced merely to make good an omission in the Act passed last year. Doubt had arisen as to whether the appeal to the House of Lords in case of the revocation of a patent by a lower Court was safeguarded. This is effected by the Act.

III. *Industrial.*

By far the most important piece of labour legislation which has been passed in recent years is the *Coal Mines Regulation Act* (c. 57), generally known as the Miners' Eight Hours Act. The passing of this Act has been preceded by a long agitation extending over many years. Bills have been introduced in Parliament every year since 1892, excepting 1905, and some have got as far as the second reading. In 1907 a Bill was introduced by a Labour member representing the Miners' Federation, but it was dropped in anticipation of a Government measure. The first proposals of the Government were to establish on January 1st, 1909, a nine hours' bank to bank stage of eighteen months' duration preceding the operation of an eight hours' day. A second Bill was eventually introduced changing the hours to eight from bank to bank, but that there should be a period of five years during which the time for both windings should be excluded, thus making the time about eight and a half hours from bank to bank. An important amendment made by the Lords did away with the proposed period of five years and permanently excluded the time for both windings in the computation of the eight hours, thus turning into a permanent state of affairs what the Government had only proposed in order to give ample time for colliery managers to make the necessary changes.

The principal provisions of the Act are as follows. A workman is not to be below ground for the purpose of his work for more than eight hours during any consecutive twenty-four hours. The time spent in both windings is not to be extra to the eight hours. Important exceptions are made in cases of danger or emergency. The owner, agent, or manager of a mine must arrange the times of the lowering and raising of each shift of workmen. The times must be reasonable and approved by the inspector, but they may be temporarily extended by him in case of accident. A repairing shift of workmen, in order to avoid Sunday work, may commence on Saturday if eight hours have

elapsed since their last period of work. A notice of the times is to be posted at the pit-head.

With the exception of firemen, examiners, or deputies, whose maximum hours are fixed at nine and a half, officials, mechanics, horse-keepers, or persons engaged solely in surveying and measuring are exempt from the provisions of the Act. Exceptions are also made in cases where there is work demanding continuous labour such as sinking a pit or driving a cross measure drift, but the hours spent by the workman at his working place must not exceed six at any one time and the interval between leaving and returning is in no case to be less than twelve hours. A register of the times of descent and ascent must be kept and workmen may appoint their checkweigher or any other person, who would be subject to the conditions relating to checkweighers, to act as a check time-keeper.

Power is given to the colliery owner, agent, or manager to extend the time by not more than one hour a day for sixty days in any calendar year. Such extension is to be entered in a register open to inspection by the inspector.

The Act may be suspended by Order in Council in the event of war, or imminent national danger, or period of grave economic disturbance.

The Act comes into operation on July 1st, 1909. In the case of mines in the counties of Northumberland and Durham the period is extended to January 1st, 1910. The mines in these two counties are worked on a "double-shift" system of hewers, by which the adult miners work on an average about seven hours per day, while the boys have to work nine or ten hours daily. The conditions therefore in these districts will require complete re-organisation.

The *White Phosphorus Matches Prohibition Act* (c. 42) establishes important principles in labour legislation. White or yellow phosphorus, which is a dangerous and poisonous article, is an important ingredient in the heads of the ordinary forms of what are known as "strike-anywhere" matches. It is not absolutely essential in the manufacture of these matches, and other harmless processes are at present in actual use in this country. It is not used in the manufacture of matches which "strike on the box." Its use renders the workers liable to the disease of necrosis or "phossy-jaw." After an exhaustive inquiry into the use of white phosphorus was held by the Home Secretary, in 1900 a code of strict regulations was imposed upon match factories where this material was used. These regulations required

efficient ventilation, separation of the dangerous processes, a high standard of cleanliness, a periodical dental examination of the workers, and the observance of other precautions. These regulations have almost wholly suppressed the disease in England, but, unfortunately, deaths due to phosphorus poisoning occurred in spite of them. The question of the prohibition of the use of white phosphorus in match factories was discussed at the International Conference on Labour Regulation held at Berne, in September, 1906. The manufacture and importation of white phosphorus matches had already been prohibited in France, Germany, Holland, Denmark, and Switzerland. These States, together with Luxemburg and Italy, drew up and signed a convention to "prohibit in their respective territories the manufacture, importation and sale of matches which contain white (yellow) phosphorus." Great disappointment was expressed that Great Britain was unable to sign the convention, but the difficulties which the representatives of the Home Office had in mind at the Conference have since been removed by representations made to the Home Secretary by manufacturers of matches in Great Britain that if the importation of matches made abroad with white phosphorus were prohibited they would be willing that the use of that material in the manufacture of matches in this country should be forbidden. The Home Office thereupon supported the principle of prohibition both of use and importation, and the present Act is the result. It prohibits the manufacture, sale, and importation of matches made with white phosphorus. Inspectors under the Factory Acts are empowered to enter factories where the manufacture of matches is carried on, and at any time to take samples for analysis of any material in use or mixed for use. With regard to the general use of alternative processes, certain patent rights being in existence, any person manufacturing or proposing to manufacture matches by way of trade may petition the Board of Trade for a compulsory license to use any process patented at the passing of the Act for the manufacture of matches without white phosphorus, other than matches intended to strike only on a prepared surface, and the Board of Trade, after considering any representations made by the patentee and any person claiming an interest in the patent, and after consultation with the Secretary of State, may order the patentee to grant a license to the petitioner on such terms as the Board may think just. The sale of matches with white phosphorus is prohibited, and any such matches in the possession of a maker or wholesale dealer may be forfeited and destroyed by order of a

Court of Summary Jurisdiction. In the case of a retailer this provision does not come into operation until January 1st, 1911, all other provisions come into force on January 1st, 1910; thus a year is given in which the trade can adapt itself to the proposed changes.

It is as part of a wider movement that this Act is of the utmost importance. The prohibition of the importation of phosphorus matches will put indirect pressure on Sweden to alter her methods of production to the benefit of the Swedish workers, and there seems little doubt that other countries where matches are manufactured on a large scale will also shortly follow the example of the United Kingdom and bring their legislation also up to the standard of the Berne Convention.

The *Fatal Accidents (Damages) Act* (c. 7) amends the law relating to the assessment of damages under the Fatal Accidents Act, 1846, and subsequent Acts. Before the Act of 1846 a man's right of action for injuries perished with him. That Act gave a right of action, but in assessing damages where a fatal accident occurred any amount derivable from an insurance policy taken out by the person killed had to be taken into account by the jury. In the case of a non-fatal accident the jury had no power to take this action, therefore the holder of the policy could obtain the full benefit. Some insurance companies had already been exempt from the above provisions, and a large number of insurance companies had asked for the same exemption. By this Act the general law is amended and all insurance companies are put in a position of equality. In assessing damages for fatal accidents the amount of damages is not to be affected by any sum recoverable under a policy taken out by the deceased person.

IV. *Agricultural and Fisheries.*

Of the Acts relating to agriculture mention must be made of the valuable service which has been rendered by the consolidating of the Acts dealing with agricultural holdings in England and Wales and in Scotland, and with small holdings and allotments in England and Wales.

The *Public Health Act* (c. 6) makes the provisions of the Public Health Act of 1875, with respect to the establishment of markets in urban districts, applicable in rural districts. Owing to the very large areas governed by rural district councils and the absence of any machinery for getting the consent of owners and ratepayers, as in urban councils, the consent of the Local Government Board is substituted. As many rural markets are

at present held under insanitary conditions this Act will give the rural district councils the power to make the necessary changes.

The *Seed Potatoes and Seed Oats Supply (Ireland) Act* (c. 19) validates the loans made by the Irish Board of Works to Boards of Guardians in Ireland for the provision of seed potatoes and seed oats for occupiers or cultivators of land, and it is directed that they shall be repaid out of the poor rate. It also validates the sale by the Guardians of the above to the cultivator and makes conditions for repayment through the poor rate.

The *Bee Pest Prevention (Ireland) Act* (c. 34) gives the Department of Agriculture and Technical Instruction very full powers for prompt and definite action in stamping out the disease which has so seriously injured the bee-keeping industry in Ireland. Their officers are empowered to enter and inspect any premises where bees are kept; bees and appliances infected or suspected of being infected may be ordered to be destroyed. Areas may be declared infected, and all bees or appliances within the area may be destroyed. Compensation may be awarded by the Department for bees or articles destroyed, but it is to be limited to half the value immediately before destruction.

There have been two Acts dealing with the fishing industry, one for Ireland and one for England and Wales.

The *Whale Fisheries (Ireland) Act* (c. 31) resembles the Act passed for Scotland last year. The need for the Act arose out of the great alarm caused amongst the fishing population on the Donegal coast by a proposal to erect a whaling station there. It was thought that the setting up of a station would destroy the herring fishery. The Irish Department of Agriculture sent down experts who held an inquiry at which the evidence seemed to show that the fears of the fishermen were unfounded. As great feeling, however, had been excited, it was deemed advisable to obtain power to license or prohibit the erection of whaling stations. The exercise of the whaling industry and the manufacture of whale oil and other primary products is prohibited unless a license is granted by the Fishing Authority (the Irish Department of Agriculture). A license can only be granted to a British subject, or to a company registered in Great Britain or Ireland. In order that the councils of the various districts in which it is proposed to erect whaling stations may lodge objection, notice of intention to apply for a license must be published at least two months before making the application. Public inquiries may be held and the license may be refused. The cost of a license authorising the use of three whaling vessels is

Canada to the amount of £35,000,000. Thus, in a sense, the English loan may be said to have financed the American trade.

A CORRESPONDENT writes : *An Investigation of the conditions of Life of the Finnish Workman*, by one of the women factory inspectors of Finland, has been lately published. Out of 953 expenditure books issued, to be filled in during fifty-two weeks, 380 were found to be perfect. Among other interesting results, the following average percentages were found to be spent on different forms of food : bread, 11·1 ; milk and cream, 9·9 ; butter, 7·8 ; cheese, 0·5 ; eggs, 0·8 ; meat (excluding sausages), 6·2 ; sausages, 1·4 ; fish, 1·8 ; potatoes, 2·4 ; vegetables, 0·7 ; fruit, 1 ; sugar, 4·3 ; coffee, 2·7 ; tea, 0·2 ; salt, vinegar, and spices, 0·3 ; mineral water and beer, 0·7 ; sundries, 0·6 ; making a total of 55·4 per cent. The proportionate expenditure on different articles as compared with that in other countries worked out as follows : —

		Finland.	Germany	U.S.	Denmark.	Sweden.
Food	Per cent.	55·10	45·55	33·13	48·36	48·74
Clothing	"	11·80	12·64	12·95	16·14	10·94
Rent	"	12·10	17·96	18·12	13·29	19·04
Fuel and lighting	"	4·19	4·05	5·63	4·43	1·23
Sundries	"	16·30	13·78	20·11	17·78	22·06
Total		100	100	100	100	100

THE effect of a shortening of the working day on the employer's cost of production has been only lately the subject of investigation in France. A well known, the first attempt to fix a working-day in France by the State was the decree of September 9th, 1848 which provided for a 12-hours day ; and a 12 hours day remained the normal maximum until 1900, when 11 hours was fixed by statute. The law of 1900 provided, however, that two years after its promulgation (*i.e.* March 30th, 1902) the legal working-day should be reduced to 10½ hours ; and two years after that (*i.e.* on March 30th, 1904) to 10 hours. But there was never any very strict enforcement of the law. Wherever the conditions were such as to warrant a longer working day, means were provided which allowed of the prolongation. Even where the law has been tolerably well maintained, employers are not, however, complaining of the increased cost of production necessitated by the increased cost of labour. One result of the shortened working-day has been an increase in the system of piece-work, which is replacing to some extent the former conditions of time-work.

SIR THOMAS HENRY ELLIOTT, K.C.B., one of the honorary secretaries of the Royal Economic Society since its original foundation, has been appointed Deputy-Master and Comptroller of the Royal Mint. Sir Thomas Elliott, who is fifty-eight years of age, had been secretary of the Board of Agriculture since 1892. The very important extensions of the work of this office in recent years have all been carried out under his general direction, and the development of the Board of Agriculture into an important Department of State has chiefly taken place during his long reign there. The best wishes of members of the Royal Economic Society will follow Sir Thomas Elliott to his new position of greater ease and dignity and apart from their personal feeling in regard to one who has so long served them, they will greatly welcome the fact that regard has been had to economic and administrative experience in appointing to an important office in relation to our currency, which has been used too often in the past as a reward for claims primarily political.

MR. A. L. BOWLEY has received the degree of Sc.D., and Mr. G. U. Yule the degree of M.A. *honoris causâ*, in the University of Cambridge.

It has been decided to establish a Faculty of Commerce in the University of Durham, with degrees of Bachelor and Master of Commerce.

RECENT PERIODICALS AND NEW BOOKS.

The Economic Review.

- JANUARY, 1913. *The Economic Basis of Universal Peace—Cosmopolitan or International?* ARCHDEACON CUNNINGHAM. Read before the Economic Section of the British Association, 1912. *Juvenile Labour in Germany* ERNEST LESSER. *Co-partnership and Labour Unrest*. H. SANDERSON FURNISS.

• *Statistical Journal.*

- DECEMBER, 1912. *Still Births in Relation to Infantile Mortality*. REGINALD DUDFIELD. A discussion of the report on this subject prepared by a Special Committee of the Society. The report is reprinted in this number. *Presidential Address to the Economic Science and Statistical Section of the British Association, 1912* SIR H. H. CUNNINGHAM. An attempt to justify economies as a "positive," science. *The Nation's Food Supply* R. H. REW. An estimate of the production produced at home. *Scottish Agricultural Changes* MAJOR P. G. CRAIGIE.
- JANUARY 1913. *On the use of the Theory of Probabilities in Statistics relating to Society* L. Y. FROTHWORTH. The Presidential Address. *The Rate of Interest in British and Foreign Investments*. R. A. LUBBER. An interesting contribution, to be followed by others, based on the study of a considerable mass of evidence. *The Consumption of Alcoholic Liquors in the United Kingdom*. A. D. WEBB.

Bankers' Magazine.

- DECEMBER, 1912. *Bankers' Congress at Berlin*. W. C. DREHER. An account of the proceedings at the important congress held at Munich in September. *Presidential Address to Institute of Bankers*. LORD COSCHEN. *British Gold Reserves and the Gold Question in India* SIR EDWARD HOLDEN. An address delivered to the Manchester Statistical Society.
- JANUARY, 1913. *Indian Currency and Finance*. R. MURRAY. Denies the existence of the alleged clamour for a gold currency. *The Price of Consols*. A. H. GIBSON. Mr. Gibson brings up to date his empirical studies of this subject. *Stock Exchange Values for the past Month and Year*.
- FEBRUARY, 1913. *Credit and Trade*. Statistics, compiled by Mr. Seyd and Kemp's Mercantile Gazette, of Commercial Failures in 1912. *London Bankers' Clearings in 1912*. Full statistics from 1868 to 1912.

Journal of the Institute of Bankers.

- JANUARY, 1913. *The Foreign Exchanges. Lectures I. and II.* HARTLEY WITHERS. To be published shortly in book form.
The Indian Financial Management. W. F. SPALDING. A defence of the policy of the India Office against Mr. Webb's criticisms.

The Sociological Review

- JANUARY, 1913. *Fatigue and Efficiency.* B. L. HUTCHINS. A review of the facts in the light of some recent works.

The Women's Industrial News

- JANUARY, 1913. *Truck Fines and Deductions.* B. L. HUTCHINS. An historical study.

The Clare Market Review.

- FEBRUARY, 1913. *Some Branches of the British Library of Political Science.* V. The W. M. Acworth Collection of Transport Literature. E. CLEVELAND STEVENS.

The Socialist Review.

- FEBRUARY, 1913. *The Nationalisation of Coal Mines.* F. BROOKS-BANK. "A valuation of the coal pits having been made (on a 9 per cent. basis), the coal owners must be compelled to exchange their share-script for Government bonds bearing interest at 3 per cent." This would leave a profit balance to the State of £10,500,000 annually for sinking fund, etc.

Quarterly Journal of Economics (Boston).

- NOVEMBER, 1912. *Agricultural Development in the United States, 1900-1910.* J. L. COULTER. *Ethical and Economic Elements in Public Service Valuation.* J. E. ALLISON. A discussion of the principles on which the relations can be regulated between the owners of a public utility and the consumers of its product.
Social Denmark. P. SCHOT. On Co-operation, Trade Unions, Insurance, etc., prepared in the Danish Legation at Washington.
Specialisation in the Woollen and Worsted Industry. L. D. H. WELD. A general discussion, not merely with reference to U.S.A.
Fisher's Theory of Crises. A Criticism. M. T. ENGLAND. Criticises Professor Fisher's theory that crises are due to the interest rate (measured in money) not rising fast enough in comparison with the rise of prices.
The Origin of the National Customs-Revenue of England. N. S. B. GRAS. Based on original authorities.
Frankfort-on-the-Main. A Study in Prussian Commercial Finance. I. ANNA YOUNGMAN. An account of the very interesting experiments made there.

Political Science Quarterly (New York).

- DECEMBER, 1912. *Recent Tax Reforms Abroad. II.* E. R. A. SELIGMAN. Deals with Germany and Australasia.
Marxism versus Socialism. VII. V. G. SINKHOVITCH. A continuation of articles which have been appearing since 1908.
Russian-American Commercial Relations. J. V. HOGAN.

Annals of American Academy (Philadelphia).

NOVEMBER, 1912. *The Outlook for Industrial Peace*. A series of articles by economists and business men.

The Journal of Political Economy (Chicago).

NOVEMBER, 1912. *The Banking Question in Congress*. H. PARKER WILLIS. *What is the Future of American Cotton?* J. V. HOGAN. *The Economic Basis of the Fight for the Closed Shop*. H. T. LEWIS. A discussion of the grounds of the claim for the exclusion of non-union labour.

DECEMBER, 1912. *The Economic Theory of a Legal Minimum Wage*. SIDNEY WEBB. "The economist has to point out to the statesman that the adoption of a legal Minimum Wage would in no way increase the amount of maintenance which has to be provided by the community, in one form or another, for persons incapable of producing their own keep. It would, on the contrary, tend steadily to reduce it. . . ." *Minimum Wage Laws*. FLORENCE KELLEY. In the United States.

JANUARY, 1913. *The Aim and Content of the Undergraduate Economics Curriculum*. A. B. WOLFE. How are the aims of culture and formal discipline and of vocational training to be reconciled? *Some Economic Aspects of Immigration before 1870*. H. T. W. PAGE. Continued from the December number. *Early Canal Traffic and Railroad Competition in Ohio*. E. L. BOGART.

Bulletin de la Statistique Générale de la France (Paris).

OCTOBER, 1912. *L'émigration des peuples jaunes*. Pp. 34. H. BUNLE.

Revue d'Economie Politique (Paris).

NOVEMBER-DECEMBER, 1912. *Le Bassin de Briey et la politique de ses entreprises sidérurgiques ou minières*. M. VIGNES. Continued in the next number. *Le Brésil et l'industrie du Caoutchouc*. R. PICARD. *Le Crédit ouvrier par l'assurance*. P. NARNOLZ. A theoretical study. *Relation entre les variations annuelles du chômage, des grèves et des prix*. C. RIST. With reference to a recent contribution by M. Lucien March to the *Bulletin de la statistique générale de la France*. Prof. Rist concludes that "le chômage volontaire est d'autant plus fort que le chômage involontaire est plus faible, et réciproquement." Between prices on the one hand and strikes and unemployment on the other he can discover no marked statistical connection. M. March replies briefly in the next number.

JANUARY-FEBRUARY, 1913. *La verrerie ouvrière d'Albi*. B. LAXERGNE. *Le renouvellement de la convention de Bruxelles et les conditions actuelles de la production sucrière*. J. HITIER. *L'institut international d'agriculture*. E. BOURGIN.

Journal des Économistes (Paris).

DECEMBER, 1912. *La Réglementation du travail des employés*. YVES GUYOT. *Frédéric List et la polémique autour de ses idées en 1912*. ARTHUR RAFFALOVICH. *Le Rapport de M. Dalimier*

et la discussion à la Chambre sur le budget des Postes et des Télégraphes. CH. MACLÈRE.

JANUARY, 1913. *Le Marché financier en 1912.* ARTHUR RAFFALOVICH. *L'Ecole autrichienne d'économie politique.* FEILBOGEN. Eighth article.

L'Économiste Français (Paris).

JANUARY 11, 18 AND 25, 1913. *Les Placements financiers.* PAUL LEROY-BEAULIEU. A study, in three articles, of the change in prices of the leading French securities during 1912.

Revue Économique Internationale (Brussels).

NOVEMBER, 1912. *L'Albanie économique et politique à la veille de la guerre.* A. BALDACCI. *Évolution des Chemins de Fer américains.* F. W. POWELL. *Le Commerce extérieur des États-Unis.* P. E. SMETS. Chiefly a discussion of the balance of trade. *Les Emprunts chinois.* E. CAMMAERTS.

DECEMBER, 1912. *La Bourse d'Alexandrie et le marché des cotons égyptiens.* L. POLIER. *La Culture du coton dans L'Asie Centrale Russe.* M. LAMINCK. *Le Coton oriental et méditerranéen.* Y. M. GOBLET.

JANUARY, 1913. Articles on the Panama Canal of considerable interest by three distinguished American writers. *Histoire du Canal de Panama.* WILLIAM H. BURR. *Le Canal de Panama au point de vue économique.* EMORY R. JOHNSON. *Le Canal de Panama au point de vue militaire.* ADMIRAL MAHAN.

Archiv für Sozialwissenschaft und Sozialpolitik (Tübingen).

NOVEMBER, 1912. *Alte und neue Einwände gegen den historischen Materialismus.* ACHILLE LORIA. *Verschmelzung und gegenseitige Penetration der Rassen und Nationalitäten. Statistische Untersuchungen.* F. SAVORGNA. An attempt to determine a coefficient of "homogeneity" between races, colours, nationalities, etc. The illustrative statistics are mainly drawn from the Argentine, Budapest, and Boston. *Die Arbeitsteilung im geistigen Leben: Eine Untersuchung ihrer hauptsächlichlichen Formen, Gesetze und Triebkräfte.* W. HELLPACH. This study of the principle of division of labour is to be continued. *Soziale Probleme des Dienstvertrages. Der Dienstvertrag im Bürgerlichen Gesetzbuch für das Deutsche Reich und im neuen schweizerischen Obligationenrecht.* Pp. 71. E. ADLER. *Die gegenwärtige Lage der Arbeiter in Japan und das neue Fabrikgesetz.* K. KUWATA.

Jahrbücher für Nationökonomie und Statistik (Jena).

JANUARY, 1913. *Zur Theorie der Statistik.* HELLMUTH WOLFF. A review of various schools of thought on the philosophy of statistical theory.

Annalen für Soziale Politik und Gesetzgebung (Berlin).

PARTS III. AND IV., 1912. *Der Ausbau der Erbschaftssteuer als Besitzsteuer für das Reich.* H. WEISSENBORN. *Geburten-*

rückgang und Sozialpolitik. O. LANDSBERG. *Bergarbeiterschutz im Preussen und Oesterreich.* F. BUSSON. *Das Lohnämtergesetz.* CONSTANCE SMITH. *Deals with the British Act of 1909 relating to Trade Boards and Sweated Industries.* *Zur jüngsten Entwicklung der Arbeitgeber-Verbände.* GERHARD KESSLER.

Zeitschrift für Volkswirtschaft, Sozialpolitik und Verwaltung (Vienna).

PART VI., 1912. *Untersuchungen über Auslese und Anpassung der Arbeiter.* RICHARD SORER.

Scientia (Bologna).

JANUARY, 1913. *The Sun-Spots.* E. W. MAUNDER. A summary of the latest views of the astronomers on the periodicity of sun-spots.

Giornale degli Economisti (Rome).

SEPTEMBER, 1912. *Il primo annuario internazionale di Statistica Agraria.* U. RICCI. An introductory description of the annual which the International Institute of Agriculture has begun to publish. *La distribuzione della ricchezza.* L. AMOROSO. A paper read to the economico-statistical section of the Congress of Mathematicians last year.

OCTOBER. *Le Comunicazioni ferroviarie in Cina.* U. BENEDETTI. The development of railways in China augurs well for her economic progress. *Monografia di famiglia.* G. BAGLIO. A Sicilian family budget.

NOVEMBER-DECEMBER. *L'azione recente dell'oro sui prezzi generali delle merci.* R. BENINI. A severe criticism of Yves Guyot leads to a restatement of monetary principles purporting to form a bridge between the defenders and assailants of the quantity theory. *Interferenze e gettito delle imposte sugli incrementi di valore.* B. GRIZIOTTI.

JANUARY. *Problema del Tesoro e della circolazione.* G. DEL VECCHIO. *Gli odierni aspetti dell'Economia agraria.* C. DI NOLA. Interesting statistics of the world's railways by G. MORTARA, and a study on the pure science of finance by B. GRIZIOTTI are buried in the small print which now, unfortunately, conceals the greater part of the *Giornale*.

La Riforma Sociale (Turin).

NOVEMBER, 1912. Questions of definition and taxation are discussed exhaustively, in connexion with Prof. Fisher's book on *Capital and Income* and Prof. Seligman's *Income-tax* by GIUSEPPE PRATO.

DECEMBER. The polemic against protected iron manufacturers is continued by L. EINAUDI.

JANUARY, 1913. The concept of taxable income, with reference to Prof. Einaudi's recent work, is the subject of an article by ACHILLE LORIA. There is also an instructive description of the failure of a Socialist business ("cantina comunale") in an Italian locality.

NEW BOOKS

English.

ASHLEY (ANNIE). *The Social Policy of Bismarck: A Critical Study, with a Comparison of German and English Insurance Legislation. With a Preface by Gustav von Schmoller.* London: Longmans, Green. 1912. Pp. ix + 95. 2s. net.

[Birmingham Studies in Social Economics. III. To be reviewed.]

ASHLEY (W. J.). *Gold and Prices.* London: Longmans, Green. 1912. Pp. 32. 1s. net.

[Reprinted from the *Pall Mall Gazette*. Noticed in the *ECONOMIC JOURNAL*, June, 1912, p. 358.]

BAIRD (W.). *The One Pound Note: Its History, Place, and Power in Scotland and its adaptability for England. (Third edition revised and brought down to date.)* Edinburgh: Baxendine. 1912. Pp. 72. 2s. net.

BOAG (GEORGE L.). *Manual of Railway Statistics.* London: Railway Gazette. 1912. Pp. 185. 4s. net.

[By the Assistant Manager of the Great Southern of Spain Railway, who has also had railway experience in England, the Argentine, and Southern Nigeria. A discussion of principles followed by appendices of practical material.]

CARLYLE (A. J.). *Wages. (Christian Social Union Handbooks.)* London: Mowbray. 1912. Pp. 125. 2s. net.

CHATTERTON (ALFRED). *Industrial Evolution in India.* Madras: The "Hindu" Office. 1912. Pp. 369.

[This volume, by the Special Adviser for Industries and Commerce in Mysore, is a reprint of a number of articles on Indian industrial and economic questions. To be reviewed.]

DORSON (G.), translated by. *Company Fire Insurance in Russia, 1827-1910.* St. Petersburg. 1912. Pp. 145. Large 4to., with diagrams.

[Published by the Tariff Committee of Russian Insurance Companies.]

HENRY (ROBERT). *Who Pays? The Real Incidence of Taxation.* London: George Allen. 1912. Pp. vii + 76. 2s. 6d.

[With some eccentric diagrams.]

LEAKE (P. D.). *The Use and Misuse of the Sinking Fund.* London: Gee & Co. 1912. Pp. 19.

[A paper read before the Chartered Accountant Students' Society of London, dealing in part with the proper use of the sinking fund by municipal bodies.]

PRATT (E. A.). *Agricultural Organisation: Its Rise, Principles, and Practice abroad and at home.* London: P. S. King. 1912. Pp. 272. 3s. 6d. net.

PROTHERO (R. E.). *English Farming Past and Present.* London: Longmans, Green. 1912. Pp. xiii + 504. 12s. 6d. net.

[To be reviewed.]

SEATON (R. C.). *Power v. Plenty: Some Thoughts on the Tariff Question.* London: P. S. King. 1912. Pp. 164. 2s. 6d. net.

[Tariff Reform "represents the policy of Productive power - a policy whose aim it is to develop all the resources of a State with a view to national 'independence' as opposed to national 'interdependence.'" The treatment of the subject is common-place.]

SHADWELL (ARTHUR), Edited by. *Nelson's Encyclopædia of Industrialism*. London: Thomas Nelson. 1913. Pp. 543. 1s. net.

[The editor of this encyclopædia has followed the wise course of including a comparatively small number of separate articles, but each of substantial length and by a distinguished contributor. For example, there are articles on *Capital* and *Cost of Living* by Prof. Ashley, *Wages* by Mr. Bowley, *Employers' Unions* by Sir Hugh Bell, *Methods of Industrial Peace* by Prof. Chapman, *Factory Law* by Mr. J. H. Greenwood, *Hours of Labour* by Mr. Ramsay Macdonald, *Strikes* by Prof. Nicholson, *Labour and Politics* by Mr. Philip Snowden. To be reviewed.]

THOMSON (MARY HORNER). *Environment and Efficiency: A Study in the Records of Industrial Schools and Orphanages*. With a Preface by J. Rendel Harris. London: Longmans, Green. 1912. Pp. viii + 100. 2s. net.

[Birmingham Studies in Social Economics and Adjacent Fields. I. "The Studies in this Series," which is under the editorship of Prof. W. J. Ashley, "are the outcome of the inquiries of students working for the Social Study Higher Diploma or for the Higher Degrees of the University of Birmingham." To be reviewed.]

Trades for London Boys and How to Enter Them. Revised with additions. London: Longmans, Green. 1912. Pp. 204. 1s. net.

[Compiled by the Apprenticeship and Skilled Employment Association. A valuable handbook of practical details in regard to a great number of trades.]

WALSH (ROBERT). *The Principles of Industrial Economy*, illustrated by an inquiry into the comparative benefits conferred on the State and on the Community by Free Trade and Fair Trade or Moderate Protection. London: P. S. King. 1912. Pp. xiv + 257. 6s. net.

[An advocacy of Protection. The author contends that, if all the wheat required by the United Kingdom were grown within the country, this would lead to an additional creation of wealth amounting annually to £64,922,946.]

WATSON (ALFRED WILLIAM). *Friendly Society Finance considered in its actuarial aspect*. London: C. & E. Layton. 1912. Pp. v + 132.

[Lectures delivered at the Institute of Actuaries, 1911-12.]

WINDER (PHYLLIS D.). *The Public Feeding of Elementary School Children: A Review of the General Situation, and an Inquiry into Birmingham experience*. With a Preface by Norman Chamberlain. London: Longmans, Green. 1913. Pp. ix + 84. 2s. net.

[Birmingham Studies in Social Economics. II. To be reviewed.]

American.

COMAN (KATHARINE). *Economic Beginnings of the Far West: How we won the land beyond the Mississippi*. Vol. I. *Explorers and Colonisers*. Vol. II. *American Settlers*. New York: The Macmillan Co. 1912. Pp. xix + 418 + ix + 450. 17s. net.

[A readable rather than a learned work.]

FARNAM (HENRY W.). *Bibliography of the Department of Economics and Sociology of the Carnegie Institution of Washington*. 1912. Pp. 17.

[The Department has been engaged since 1903 on organising work entitled "Contributions to American Economic History." 238 monographs or parts of monographs have been prepared, 108 of which are unpublished. This is a complete list of the titles and authors of these monographs.]

MOULTON (HAROLD G.). *Waterways versus Railways*. Boston: Houghton Mifflin. 1912. Pp. xviii + 468. \$2 net.

[Reviewed above.]

PATTEN (SIMON N.). *The Reconstruction of Economic Theory*. Philadelphia: American Academy. 1912. Pp. 99.

[Supplement to *The Annals of the American Academy of Political and Social Science*, November, 1912. The thesis of this very interesting essay is not easily summarised. To be reviewed.]

Railway Economics. Chicago: University Press. 1912. Pp. 446. 12s. net.

[A collective catalogue of books in fourteen American libraries, prepared by the Bureau of Railway Economics, Washington, D.C.]

RIPLEY (WILLIAM Z.). *Railroads: Rates and Regulations*. London: Longmans, Green. 1913. Pp. xviii + 659. 14s. net.

[An important and comprehensive treatise, to be followed shortly by a companion volume on *Railways: Finance and Organization*. To be reviewed.]

STEVENS (WILLIAM S.), Edited by. *Industrial Combinations and Trusts*. New York: The Macmillan Co. 1913. Pp. xiv + 593. 8s. 6d. net.

[A collection of first-hand materials, which aims at putting within the reach of students the original documents relating to "Pooling, Trust, Factors", and International Agreements; court decisions and laws against Trusts. Trust methods of fixing prices, eliminating competition, and restraining trade; the dissolution plans of dissolved Trusts; lease and license agreements of representative patent monopolies; and the views of eminent business and professional men." To be reviewed.]

UPSON (LENT DAYTON). *Sources of Municipal Revenue in Illinois*. Illinois: The University. 1912. Pp. 126. 75 cents.

[*University of Illinois Studies in the Social Sciences*.]

French.

BELLOM (MAURICE). *La Définition Légale de l'Invalidité en matière d'Assurance Sociale: Recherche d'une formule*. Paris: Rousseau. 1912. Pp. 28.

[Based on a comparison of the practice of different countries.]

FISCHIEL (MARCEL-MAURICE). *Le Thaler de Marie-Thérèse: Étude de Sociologie et d'Histoire Économique*. Paris: Giard & Brière. 1912.. Pp. xxi + 208. Fr. 5.

[To be reviewed.]

GUYOT (YVES). *La Gestion par l'Etat et les municipalités*. Paris: Félix Alcan. 1913. Pp. viii + 137. Fr. 3.50.

[Reviewed above.]

MAHAIM (ERNEST). *Le Droit international ouvrier*. Paris: Sirey. 1913. Pp. 385. Fr. 6.

[Lectures delivered before the Faculty of Law in the University of Paris. To be reviewed.]

MATAJA (VICTOR). *La Réclame dans ses rapports avec les Affaires et le Public*. Paris: Polmoss. 1912. Pp. 77. Fr. 2.

[Translated from the German. Reviewed above.]

NOGARO (BERTRAND). *Éléments d'Économie politique: Production—Circulation*. Paris: Giard. 1913. Pp. vii + 388. Fr. 6.

[A text book, primarily intended for French law students in their first and second years.]

RAYNAUD (B.). Vers le Salaire Minimum: Étude d'économie et de législation industrielles. Paris: Recueil Sirey. 1913. Pp. xi + 518. Fr. 12.50.

[*Bibliothèque d'Economie politique et de Sociologie VI.* An exhaustive treatise on the subject. To be reviewed.]

German.

BEER (M.). Geschichte des Sozialismus in England. Stuttgart: J. H. W. Dietz. 1913. Pp. xi + 512

[First part (pp. 222), 1750-1824; second part (pp. 196) 1825-1854; third part (pp. 83) 1855-1912. To be reviewed.]

HERNER (HEINRICH). Hafenabgaben und Schiffs-vermessung: ein Kritischer Beitrag zur Würdigung ihrer technischen, wirtschaftlichen und statistischen Bedeutung. Jena: Gustav Fischer. 1912. Pp. vi + 128. M. 8.

[*Probleme der Weltwirtschaft XI.* A technical, rather than economic, discussion of the dimensions of ships and their regulation.]

HERRMANN (ELISE). Auslese und Anpassung der Arbeiterschaft in der Wollhutindustrie. Munich: Duncker & Humblot. 1912. Pp. 63. M. 1.80.

[Published in the *Schriften des Vereins für Sozialpolitik*, being a further instalment of their *Untersuchungen über Auslese und Anpassung (Berufswahl und Berufsschicksal) der Arbeiter in den verschiedenen Zweigen der Grossindustrie.*]

KÄHLER (WILHELM). Die Bildung von Industriebezirken und ihre Probleme. Leipzig: Teubner. 1912. Pp. 27. M. 0.80.

[From the *Vorträge der Gehe-Stiftung zu Dresden.*]

KUCZYNSKI (R.). Arbeitslohn und Arbeitszeit in Europa und Amerika, 1870-1909. Berlin: Julius Springer. 1913. Pp. vi + 817. M. 24.

[A huge collection of facts and figures relating to wages and hours of labour in a great number of trades. To be reviewed.]

JACOBI (DR. DOROTHEA). Die gemeinnützige Bautätigkeit in Deutschland, ihre kulturelle Bedeutung und die Grenzen ihrer Wirksamkeit. Munich: Duncker & Humblot. 1913. Pp. x + 152. M. 4.

[*Schmoller's Staats- und sozialwissenschaftliche Forschungen*, Vol. 167.]

LENZ (PAUL). Die Konzentration im Seeschiffahrtsgewerbe. Jena: G. Fischer. 1913. Pp. viii + 142. M. 4.

[On capitalisation, monopoly, and competition, the tendency to concentration, etc., in the shipping trade. To be reviewed.]

MANES (ALFRED). Versicherungswesen. Leipzig: B. G. Teubner. 1913. Pp. xiv + 485. M. 11.

Second edition, revised and enlarged of Professor Manes' treatise on the origin, meaning, organisation, and technique of Insurance, both in general and in numerous particular forms. The first edition was published in 1905 and was reviewed in the *ECONOMIC JOURNAL*, Vol. xv, p. 418. To be reviewed.]

PASSOW (RICHARD). Materialien für das wirtschaftswissenschaftliche Studium. III. Warenbörsen. Leipzig: Teubner. 1912. Pp. v + 152. M. 2.50.

[A collection of material relating to the regulations of the German produce exchanges.]

POPPER-LYNKEUS (JOSEF). Die allgemeine Nährpflicht als Lösung der sozialen Frage, eingehend bearbeitet und statistisch durchgerechnet: mit einem Nachweis der theoretischen und praktischen Wertlosigkeit der Wirtschaftslehre. Dresden: Carl Reissner. 1912. Pp. xvi + 818. M. 17.

[Intended as the programme of a practical policy. To be reviewed.]

PREYER (W. D.). Die Arbeits- und Pachtgenossenschaften Italiens. Jena: G. Fischer. 1913. Pp. 228. M. 6.

[To be reviewed].

ROSS (LISA). Weibliche Dienstboten und Dienstbotenhaltung in England. Tübingen: J. C. B. Mohr. 1912. Pp. viii + 99. M. 8.

[*Archiv für Sozialwissenschaft und Sozialpolitik*. Supplement VIII. To be reviewed.]

SCHMOLLER (GUSTAV). Charakterbilder. Munich: Duncker & Humblot. 1913. Pp. vii + 302. M. 7.

[This is a collection of character sketches of distinguished economists and German state-men which Professor Schmoller has written from time to time over a considerable number of years. After Easter of this year Professor Schmoller, at the age of 75, is to retire from the active duties of lecturing and he offers this volume, primarily to his friends and pupils, as in the nature of a farewell gift. To be reviewed.]

SELLA (EMANUEL). Der Wandel des Besitzes: Versuch einer Theorie des Reichtums als Organismus. Munich: Duncker & Humblot. 1912. Pp. iv + 98. M. 2.50.

[Translated from the Italian.]

SOMBART (WERNER). Studien zur Entwicklungsgeschichte des modernen Kapitalismus: Vol. I. Luxus und Kapitalismus. Munich: Duncker & Humblot. 1913. Pp. viii + 220. M. 6. Vol. II. Krieg und Kapitalismus. Munich: Duncker & Humblot. 1913. Pp. viii + 232. M. 6.

[These are the first two instalments of the new edition of Professor Sombart's *Moderne Kapitalismus*. To be reviewed.]

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THE ECONOMIC JOURNAL

JUNE, 1913

COMPARATIVE ECONOMIC HISTORY AND THE ENGLISH LANDLORD.¹

It is now some thirty years since I began to interest myself in economic history, under the converging influence of three very different men—Stubbs, Toynbee, and Schmoller. And, looking back, I am conscious of a great change in the academic atmosphere. I should not like to speak for Germany or France or Russia, or the other countries of the European continent; but for England and America this much can safely be said: that the study of specifically economic history is no longer an individual eccentricity, calling almost for apology; it is now a recognised and respectable scholarly pursuit. And this is evidenced by a circumstance the very mention of which may cause our foreign friends to smile, but which is quite significant in British circumstances: economic history has been given a place in our university examinations. At the Universities of Cambridge and London, and at most of the newer Universities, examination papers are every year set in the subject, and some hundreds of students do their best to answer them. Consequently there is now something like an academic career opening before scholars who devote themselves to this particular study.

But there is another and perhaps as significant a sign of the times, about which our foreign friends may like to be informed. During the last few years there has come into existence in Great Britain an extensive organisation called the Workers' Educational Association. It is an association of trade unions, co-operative societies, adult schools, and other working-class bodies, in alliance with the universities, to provide for working men and women an education worthy of citizens. The expenses

¹ Presidential Address at the Economic History Section of the International Congress of Historical Studies in London, April 3, 1913.

are met, in large measure, by grants from the Board of Education, *i.e.*, from the general taxation of the country. Now it is a remarkable fact that the subject most generally studied by these classes of working people is Economic History. Out of some 102 systematic courses of lectures and tutorial classes in the session 1911-12, almost half, *viz.*, 49, were on Economic History. Economics or Economic Theory came far behind, with 29; and no other subject brought together more than four or five classes. In many cases the classes proceed, in a subsequent year, from economic history to economic theory; in others they advance from a more general to a more intensive study of economic history itself, or go on to some other aspect of history—for instance, the constitutional.

This noteworthy state of affairs would seem to have arisen, at the outset, partly from accident, and partly from the free choice of the working men responsible for the first "tutorial classes." What these working men wanted was, naturally, some light on the pressing social problems of the day; but they felt, as one of them has told me, that to approach them historically would give "a sense of proportion and perspective," and would make it easier to tackle more controversial questions afterwards in an unpartisan spirit. The example thus set has since been followed, simply because the policy has justified itself in experience. It would seem, also, that by many working men economic history has been welcomed not only as a preparation for political economy, but also for its own sake: because it seems to come nearer to answering the questions in which they are interested than the particular kind of economic theory that is presented to them by most English economists.

The serious study of economic questions, whether historically or not, by the *élite* of the working classes is bound to have large consequences. So far the Workers' Educational Association has been able without difficulty to maintain an independent and unpartisan position. In this respect it has been more fortunate than the only contemporary working-class educational movement with which, for extent, it can be compared, namely, the network of popular lecture courses organised in Germany by the Socialist party. The educational work of the German Socialist party—and by that I mean not so much its propagandist activity, which naturally stands in the forefront, as its zeal to awaken working men and women to intellectual interests generally, whether through natural science or art or history—this work has hardly attracted as much attention as it deserves. Yet party zeal is

hardly separable from party narrowness and the Workers' Educational Association gains something from its freedom from entangling connections.

All this increasing attention to economic history, alike in working class and in undergraduate circles, makes it imperative there should go on, side by side with it, the keenest and most critical scientific research in every part of the field. The danger of over-hasty formulation, the danger of undue emphasis on particular facts, are certainly not less in these days of social politics than they were in the days when ecclesiastical history, or in those later days when constitutional history, led the way in becoming a subject for specialised teaching. *Quis custodiet, it may be objected, custodes ipsos?* Professors themselves have their bias and their passions, the more dangerous because they are commonly unconscious. We greatly deceive ourselves if we suppose that historical, political, legal, and economic subjects attract attention, even in our calmest seats of learning, merely on account of, or in proportion to, their scientific sociological interest; that the typical scholar is objective and detached from contemporary motives. As a matter of fact, the bulk of the important work done at the universities in these fields has always been inspired by interest in the problems of the day; and "tendency" is only a matter of degree. So far as a remedy is possible, it is to be sought in a consciousness of the danger. The way to overcome bias is to realise what our own individual bias is likely to be, and to suspect ourselves accordingly. Help also will be given by a multiplication of investigators, so that no dubious conclusion shall long remain uncriticised by a brother scholar of differing "tendency." And if the critic comes from another nationality, there is even more chance that he will see the common subject-matter with fresher eyes, and eyes that, if prejudiced at all, are prejudiced in a different direction.

This thought brings me to a theme on which it may not be inappropriate that I should dwell for a few minutes on this occasion: the strikingly international character of recent investigation in this particular subject. It is surprising how large a part of the best work—certainly this is true of English economic history—has proceeded from foreign scholars. This has been the result of their essentially practical purpose. They have turned with interest to the social history of a land not their own because it preceded their country in its development, and might therefore indicate dangers to avoid or precedents to follow. Thus Marx and Brentano and Held and Schulze-Gävernitz and Levy

have examined the industrial history of England, because England preceded Germany in passing through "the Industrial Revolution." And while Germans have led the way in the scrutiny of manufacturing development, Russian scholars, in more recent days, have thrown themselves with eagerness upon agrarian history. I need but mention such names as Karéiew and Loutchisky and Kovalevsky for their French inquiries, Vinogradoff and Savine for their English. The obvious reason is that Russia has been confronted of late with the prospect of a vast agrarian transformation, and her patriotic scholars crave for every possible glimmer of light upon their path that the experience of other countries can be made to furnish. That they may find such light we must all hope; but, in any case, their keen curiosity is of great service to the history of the countries they turn their attention to.

I am aware I am entering upon a somewhat perilous topic if I attempt now to illustrate the international character of our study from a subject that engages just now a good deal of attention in this country, viz., the ownership and tenure of land. I realise that the whole group of problems which it includes is still full of obscurities; but it may be possible to state the present position of historical investigation in a way to command the assent of scholars. In what I shall have to say I shall have England chiefly in mind. But it is certain that in the Middle Ages there was a substantial similarity of social conditions over a large part of Western Europe; and it is from that fact, as we shall see, that we get sometimes the greatest assistance and sometimes the greatest hindrance in our inquiries.

It is evident, to begin with, that the historian of English land has no longer the same clear and well-defined starting-place as his predecessor set out from, forty years ago. Then the historian could assume that he knew with what conditions the development began at the outset of English history, as surely as he knew in what conditions it has ended; his task was to fill in the intermediate stages. What that starting-place was it is hardly necessary that I should give time to describing: it was "the farmer commonwealths," displayed with all the emotion of admiration in the opening pages of Green, and clearly discernible beneath the cautious phrases of Stubbs. These occupied the centre of the picture: differences of rank and wealth and status all fell into a dim and easily-forgotten background; and the problems for the historian were conceived to be these: how did the freeman sink

into serfdom; how did landowning communities fall into subjection to manorial lords?

Now it is significant that nothing of all this had suggested itself to English historians so long as they confined themselves to English evidence; no trace of it is to be found, for instance, in the pages of Hallam. It was imported into English history by Kemble, as a result of his German studies: he assumed, with entire good faith, that what was apparently proved for Teutons at home must have existed among Teutonic peoples in Britain, and he looked round for English evidence which would fit into the construction. It was imported again, and with more authority, by Stubbs. No one can look at the footnotes of his earlier chapters without seeing that he builds on the foundations assumed to be laid for Germany by Maurer and Waitz.

The reputation of German scholarship was deservedly so high that, so long as German historians were unanimous, no criticism from outside carried much weight. And for a time the Maurer-Waitz tradition went on establishing itself only the more imposingly, in the economic histories of Inama and Lamprecht, and in the legal history of Brunner. The acute criticism by Fustel of the whole range of Roman, Merovingian, and Carolingian evidence, the essays of Denman Ross, the realistic treatment of the English material by Seeböhm, were alike waived on one side. Instead of asking how room was to be found in the picture for the facts called attention to by Fustel and Seeböhm, it was common to characterise these scholars summarily as isolated advocates of a rival theory—the theory that the manor grew out of the Roman country estate. And the more we realised from Hanssen and Meitzen and from Seeböhm himself the system of cultivation in the Middle Ages, with its open fields and intermixed holdings and rotation of crops and common pasture, the more obvious it seemed that the Roman *villa* could hardly by itself account for *Grundherrschaft*, *seigneurie*, and *manor*.

No fresh advance was possible until a new movement took place among German scholars themselves. It is notorious that since 1896 such a movement has made its appearance. I need but mention the names of Hildebrand and Wittich and Knapp. These writers have compelled a reconsideration of the accepted interpretation of Tacitus and the Barbarian laws and the early land charters and the capitularies. Moreover, it is no longer plausible to say that the Waitz-Brunner interpretation of the period A.D. 400–800 must be correct, inasmuch as it fits in with their interpretation of the period A.D. 800–1000; since Dopsch is now

showing the extreme insecurity of some of the apparently most firmly established propositions even as to Carolingian institutions.

The authors I have just named are by no means as yet in possession of the field: the old positions are still being defended; and we must certainly not be in a hurry to proclaim any large new generalisations. If I venture to sum up what seem to me the conclusions suggested so far, it is only in the most tentative way. They would be these: That from the earliest historical times, in Gaul and Germany, very much land was owned individually, and that wealth on the one side and slavery and personal dependence on the other were always very important factors in the situation; that in Neustria and the other more completely Romanised parts of the Celto-Germanic world, the Roman *villa* was very generally one of the main elements, perhaps the dominant element, in the development; and that the seigneurial structure of the western side of the Carolingian Empire had a considerable influence on the somewhat subsequent development of the eastern side; that, even in Germany, communal ownership of land was never a fundamental or generally pervasive social institution; that there was something very much like large private estates, worked by dependents and slaves, from the very earliest days of Teutonic settlement; and that "the common freeman," though probably in a sense the basis of the legal system, was neither so peasant-like, nor so uniform, nor so communal, as we used to suppose. There is much to be done before the different parts of the puzzle can be satisfactorily fitted together; possibly there were large differences, not only as between Neustria and Austrasia, but also within the purely German territory itself. Moreover, the whole specifically agricultural side—the intermixed strips and all they involve—has still to be brought into relation to the legal side of the problem. We cannot fail to be struck by its omission even in so substantial a treatise on the lines of Fustel as that of Sée. As to England, I am afraid that, in spite of the labours of Martland and Vinogradoff, we must wait for the solution of our local problem until a solution has been reached of the larger Continental problem. But this much is already highly probable, viz., that we shall not find anything that can fairly be called a general communal system of landowning, combined with a substantial equality among the majority of the people, under conditions of settled agriculture. To find it in any sense we shall have to go back to an earlier and "tribal" condition; if, indeed, we shall find it there.

For some time to come it will probably be advisable for

economic historians, in their popular expositions of agrarian development, to content themselves with starting with the *manor* (*Grundherrschaft*, *seigneurie*) as we find it over a large part of England, France, and Germany in, let us say, the thirteenth century, without committing themselves to any very confident assertions as to how it came into existence. It is true we have been warned by Maitland not to speak too freely of the "typical" or "normal" manor: he has pointed out how rich a diversity of conditions is to be found existing contemporaneously even among English villages and hamlets, so that it is not at all difficult to find abundant cases quite irreconcilable with each of our usual generalisations. Yet certain features are so commonly found in mediæval village life--features sufficiently indicated by such terms as *demesne* and *yardland* (*hufe*) and *week work* - as to be typical of the greater part of rural existence over a large portion of Western Europe. Everywhere half or more of the tilled land was in the hands of small peasant cultivators. The terms on which most of them occupied their holdings were, indeed, onerous; and we must take care not to depict their condition in colours too rosy. Yet there they were, alike in Central and Northern France, in Southern and Middle England, in Western and Central Germany. But to-day we find, of course, by no means the same uniformity on comparing the three countries. Over a large part of Germany and France the place of the serf cultivators of the Middle Ages has been taken by peasant proprietors. Agricultural statistics are everywhere curiously defective; but it is pretty safe to say that in France somewhere about one-half, and in Germany about two-thirds of the land is now in the hands of peasant proprietors. Such large properties as are now found in France seem to be pretty widely distributed over the whole country; in Germany, on the other hand, there are considerable provinces, such as Bavaria, where there are practically, over great stretches of territory, no large properties at all. But when we pass over to England we find to-day exceedingly few peasant properties. The great bulk of the English land belongs to large landowners, not cultivating their land themselves or through a bailiff, as is the usual practice with such large landowners as there may be in Germany or France, but letting out almost all of it to comparatively large tenant farmers, who employ agricultural labourers dependent on wages. The question to which I now turn is the explanation of this striking singularity in English development.

I do not propose to estimate the relative merits of the English and Continental systems. It is noticeable that writers on agri-

cultural economics in Germany usually assume that a system of peasant proprietorship—especially when it is so diversified that the landless labourer, if he exists at all, has a good chance of rising to be a small landowner himself—is obviously the more desirable, on general social grounds; though they throw in, by way of concession, the observation that a certain number of large landowners may possibly be of use in leading the way in the improvement of agricultural methods. Writers in England are wont to take the opposite point of view: to assume that the English system is the better as regards economy of agricultural production: though they in their turn may throw in an observation, by way of concession, as to the social benefits of peasant proprietorship. I leave all these questions on one side, and confine myself to the purely historical problem, how the difference between England and the Continent actually came about.

On the external facts of the development in England we are much better informed to-day than we were even twenty years ago. The works, for the earlier centuries, of Page and Gay and Savine and Tawney; for the later centuries, of Hasbach, Slater, Johnson, Prothero, Gonner, and the Hammonds have made tolerably clear almost every one of the processes involved. The first two of the names I have recited—Page and Gay—are American scholars: the third, Savine, a Russian scholar; and the large positive additions these three have made to our knowledge illustrate what I have already said as to the value of a foreigner's freshness of vision. Thanks to these, and to the others I have mentioned, while there are still some outstanding obscurities as to copyhold and leasehold, in the main we know what happened. We must agree with recent writers in describing the modern reorganisation of rural England on the lines with which we are now familiar as the work of "the governing class that ruled England during the last century of the old *régime*." We might add that this class commonly believed that what was for their personal advantage was also for the advantage of the community; that by far the greater part of the rearrangement of ownership and tenure took place under legal forms; that it involved on the part of "the governing class" both enterprise and expenditure; and that the more obviously injured interests received some pecuniary or other compensation. Whatever additions, however, we may think fit to make, it is still true that it was "the governing class" that was responsible. But this is no answer to the question why it was in England that this singular transformation took place. For, at the period from which we start, other countries had an upper class

of much the same sort as England; and there is no reason to believe that the English upper class was by nature either more selfish or more enterprising.

Let us see if any light is cast upon the matter by the experience of other countries. And let us begin with the explanation of the introduction of the present English system which seems to lie on the surface. No one can read eighteenth-century history without being continually reminded of the widespread zeal in England among the upper classes for the improvement of agricultural methods. We learn all about Arthur Young, his eulogy of "spirited" landowners, and his abhorrence of open fields and commons. But when these facts are adduced to "explain" the English development, it should at once occur to us that there was a precisely similar movement in France, the same enthusiasm for agricultural science, the same formation of agricultural societies. In France, as in England, it was deemed enlightened in governmental circles to abolish common rights and carry through enclosures; and the French edicts for these purposes were the direct outcome of the representations of the agricultural societies. Yet the "agronomes" had nothing like the same influence in France as is sometimes ascribed to them in England.

Writers who have gone beyond this first and most plausible explanation have sometimes been inclined to lay stress on the influence of the economists, at any rate on the final stages of the movement in England. With the one striking exception of John Mill, the economists of the first half of last century favoured both large ownership and large farming. We know how Bentham "thought the spectacle of an enclosure one of the most reassuring of all the evidences of improvement and happiness"; we know how McCulloch described the agricultural system of his day as "the powerful spring which has contributed more perhaps than any other to carry our commercial and manufacturing prosperity to its present unexampled height," and how he warned the people of his generation not to give "the smallest countenance to any scheme either for dividing estates or for building cottages on wastes"; we may recall how Porter, the statistician of Free Trade, condemned Goldsmith off-hand for "so ignorantly" deploring the disappearance of the peasantry. Such encouragement from the economists in one generation, like the encouragement from the agronomes in the preceding generation, must have given additional momentum to the forces of change: a modest landowner, who took his economics from its accredited exponents, would carry through enclosures and buy out small owners and

put farms together with a glow of moral satisfaction. And yet we can attribute as little primary importance to Political Economy as to Agricultural Science; for the plain reason that its voice was heard as distinctly and much earlier in France. It was, I need hardly say, the French *Économistes* of the eighteenth century who supplied the postulates and sketched the ground-plan of the later orthodox Political Economy of England: and one of the services of the Russian scholar Karéw has been to remind his readers that the whole trend of thought of the *Économistes* was opposed to peasant farming. Quesnay, in his famous *Maxims*, had laid down that "lands devoted to corn crops should be brought together, as far as possible, in large farms, managed by well-to-do agriculturists," since "it is not so much men as capital that needs to be attracted to the country." The tripartite division of the agricultural population into landlords, capitalist tenant-farmers and wage-earning labourers, which we find assumed by Adam Smith and Ricardo, and which we are wont to explain as the unconscious reflex of contemporary conditions, appears just as clearly in the much-read writings of the *Économistes*. There it is presented as the obviously best arrangement, inasmuch as it promoted the greatest net produce: and this was at a time when the large tenant-farmer, though here and there he could be found, was by no means so characteristic of France as he was fast becoming of this country. When the princes of Savoy were carrying through that expropriation of the *seigneurs* which afterwards served as a potent example for France, "physiocratic" argument did what little it could to stay their hands. Read the *Reflections* of the "godlike" Turgot, with their dogmatic assertion of the need for "capitalistes entrepreneurs de culture," and of the parallelism of manufacture and agriculture, both requiring the separation of "entrepreneurs" from "simples salariés": and one will realise that the essential principles of English "high-farming" received their earliest and quite conscious formulation not in England but in France. And yet, again, the doctrine had obviously nothing like the same effect in France as might plausibly be attributed to it in England.

The explanation of the difference between England and other countries is sometimes sought for in heroic acts of continental legislation. In particular, two episodes have engaged admiring attention: the land legislation of the French Revolution and the legislation in Germany of Stein and Hardenberg. But as to France, recent research has confirmed in substance the view of de Tocqueville, and has shown that the Revolution made no funda-

mental material change in the general position of affairs. The long and heated controversy on the subject finds its explanation in the ambiguous word "proprietor." Probably not much more land was held after the Revolution by peasant "proprietors" than was held before by "censitaires" and other classes of customary tenants under their respective *seigneurs*. Their position was substantially the same—with all the complicated technical and practical diversities and obscurities—as that of copyholders in England. Who was the "owner" of their land was a question which could not have been answered in the feudal ages in the modern sense, since ownership in the modern sense did not generally exist. The *seigneur* himself in legal theory was a "tenant" of the land, holding it of the King or of some other superior lord. But when the feudal theory died away, and it came to be held that there must somewhere be an "owner" for each piece of land, the question who owned the *censitaire's* or copyholder's land might be answered in two opposite ways. Ownership might be said to be vested in the lord, subject to the rights of the *censitaire*, or in the *censitaire*, subject to the rights of the lord. If we take the former view—possibly the view most generally current among lawyers—the French Revolution, by abolishing the lord's claim to certain dues, converted tenancy into ownership, and so created peasant proprietorship. But the latter view was so natural even before the Revolution that those *censitaires* who could not be dispossessed so long as they paid their dues, and who could dispose of their holdings practically as they pleased and of these there were many—were already commonly spoken of, in popular parlance, in administrative reports and even in some of the law books, as "proprietors." The rough-and-ready estimate of Arthur Young that small owners held one-third of the land is confirmed by the most recent statistical researches based on the tax-rolls. Thus, according to Louchisky, peasant "proprietors" held 30 per cent. of the land of the Laon district before the Revolution; while the similar researches of Bloch assigns to them as large a share in the Orléans district as 44 per cent.

What the legislation of the Legislative Assembly and the Convention did for these "proprietors" was to put them into an easier position by freeing them completely from seigniorial dues, and so to enable them the more successfully to maintain themselves during the coming century. At the same time it converted into proprietors a good many occupiers of land whose tenant-right had not hitherto approached so nearly to ownership; like the holders of the terminable leaseholds characteristic of Brittany.

As to the effect of the sale of the confiscated lands of the church and of the *émigrés*, that is a question which cannot be regarded as so nearly approaching definite solution. Recent investigations seem to show that, though the lion's share went to the *bourgeoisie*, a good many of the peasants, and even of the mere cottagers, were able to acquire small portions. So that the net effect of the Revolution was both to strengthen and also somewhat to increase peasant proprietorship. But it would not have been able to do this if a population of peasants, whether small owners or customary tenants, had not still remained on the soil. The contrast with England where, by this time, according to Arthur Young, "small properties" were "exceedingly rare," is unmistakable.

The Stein-Hardenberg legislation is commonly thought of in England as having created a peasant proprietary in Prussia; and a desire is sometimes expressed that a statesman would arise in this country strong enough to follow their example. But, when we look into it, we discover that it effected, in a much more limited way, what was effected in France: it improved the position of many peasants already planted on the soil; it did not place them there. The really "epoch-making" book of Knapp makes it very clear that the Prussian measures were "very far from being models of social legislation." We might already have guessed this if we had reflected that the provinces concerned were part of that "Ostelbien," where—from the point of view of admirers of peasant proprietorship—conditions have for some time been very markedly inferior to those in any other part of Germany. Those peasants who were converted by the measures of Stein and Hardenberg into independent proprietors had to surrender from a third to a half of their holdings in order to compensate their lords for the loss of their labour services; and the privilege of enfranchisement was limited to "peasants" (*Bauern*) in the narrowest provincial sense of the word, viz., to those whose holdings were worked with a yoke of oxen. It was limited, that is to say, to the larger holders; to those who in mediæval England were called "full villeins" and "yardlings." Smaller customary tenants—from "half-yardlings" (to use an English term again) down to the various grades of cottiers—were disregarded. These—from the operation of economic forces and the exercise of the legal rights of their landlords—soon fell into the position of landless labourers, compelled, in order to secure a livelihood, to work on the *Rittergüter* (or gentlemen's estates). Knapp does not hesitate to say that the exclusion of small holders

from the opportunity of enfranchisement, and the contemporary withdrawal of the protection they had previously received from the government (to this I shall return) constituted the compensation, insisted upon by the landlords, for the sacrifice of their previous legal claims upon the larger holders. The estates of the *Junker* were enlarged; and at the same time they were enabled to dispense with the services of their larger tenants by having this new class of landless labourers put at their disposal. The class whose ill-fortunes in England have lately been set so poignantly before us—the class represented by the agricultural labourer—was precisely the class that came off worst in Prussia also.

The case of Prussia does, however, throw some light on the historical problem as it presents itself in England. How came it that in 1807–11 there were still so many peasant tenants in Prussia? The answer is to be found in large measure in the policy of "Protection of Peasant Land," pursued by the rulers of Prussia, as by the rulers of Austria and other paternal princes of the eighteenth century. The edicts issued by the Prussian rulers, almost as soon as they had freed themselves from the control of their provincial parliaments, and actually enforced from 1749 to 1808, prohibited any decrease in the extent of land held by the peasants. They said nothing of any legal rights the peasants might possess, for the obvious reason that the majority of them possessed at most only a life interest. So far as the Government was concerned, the lord might put in whom he pleased as tenant, but he must not add a peasant holding to his demesne. The policy, which was undoubtedly successful in achieving its object, was based not on humanitarian grounds but on reasons of State: a decrease in the number or size of peasant holdings was believed by the Government to be bad for the revenue and bad for the army. It gives one a curious sensation, after reading the careful expositions which Knapp has written of Hohenzollern policy in the eighteenth century with his eye fixed exclusively on Prussia, to turn to the agrarian troubles in England of the Tudor and Stuart times. Listen to Lord Bacon, writing a century and a half before Frederick the Great. "When," he says, "enclosures began to be more frequent, whereby . . . tenancies for years, lives, and at will, whereupon much of the yeomanry lived, were turned into demesnes . . . the king (Henry VII.) knew full well . . . that there ensued withal upon this a decay and diminution of subsidies and taxes; for the more gentlemen ever the lower books of subsidies." Moreover, Bacon continues, "the principal strength of an army consisteth in the infantry"; and "if a state

run most to noblemen and gentlemen, and the husbandmen and ploughmen be but as their workfolks and labourers . . . you may have a good cavalry but never good stable bands of foot." The Tudor and Stuart legislation, prohibiting "the letting-down of houses of husbandry," was of precisely the same character as the legislation of enlightened autocrats on the Continent a century and a half later; like that, it disregarded the legal question of the husbandman's tenure, and probably for the same reasons: that his legal right was either weak in itself, or afforded scant protection against social or economic pressure. It came earlier than the parallel legislation abroad, because the growth of the woollen industry furnished in certain districts of England a powerful motive for the incorporation of peasant holdings into estates managed on capitalistic lines long before a like temptation presented itself in Germany. Tawney, the most recent investigator of the period, concludes that the efforts of the English government did "mitigate the harshness" of the earlier enclosing movement. I should myself be inclined to conclude that the destruction of the old agricultural system would have gone much further even in the Tudor period but for the check imposed by the executive. And it is significant that the last serious attempt to enforce this check was made by the Stuart Council in the very period when, for the last time, it was able to carry on government free from the control of Parliament (1629-1640).

This last reflection brings us to the heart of the matter. All the freshly-acquired information as to the course of events in England and abroad confirms by additional considerations what Toynbee said as long ago as 1881: "the present distribution of landed property in England is in the main due to the system of political government which made us a free people"; in other words, to the establishment of parliamentary government in the seventeenth century. Parliamentary government, in the circumstances of the time, could only mean the rule of the landed gentry; and these were led, by the strongest motives of political zeal and personal interest combined, to widen and tighten their hold upon the land. And the local authority of the squires as justices of the peace, which Gneist so oddly christened "Self-government" in order to contrast it with bureaucracy, was but the reverse of the medal of which parliamentary Self-government was the obverse. Those who think that England could have had the one without the other might be referred to the impartial pages of the French publicist Boutiny.

The growth of the mercantile and monied interest gave additional impetus to the transformation of rural life by adding enormously to the wealth available directly, and indirectly through marriage, for the rounding-off of country estates. There were wealthy city men in France also; but the movement of capital countrywards was less than in England because the inducement was less. The withdrawal from the country gentry in France of all powers of local administration went on *pari passu* with their loss of influence upon the central government: both losses made the position of a country gentleman less desirable. And the very characteristic of our social system of which we have been most proud, the fact that England has no close caste of *noblesse*, operated in practice to strengthen landlordship, by adding to its pecuniary resources and commercialising its spirit.

The triumph of Whig principles in 1689, by placing the legislative and executive authority in the hands of the squires, put an end in England to the policy of Peasant Protection. It is to be noticed, also, that parliamentary government was associated with an actual increase of the geographical area over which landlord forces could operate. In reading the works of Knapp and his school on the Liberation of the Peasants in the several States of Germany, we are constantly reminded of the importance of the sovereign's own Domain. It was there that the benevolent autocratic princes of the eighteenth century could most readily convert, if they so chose—and they commonly did choose—a population of peasant tenants into one of peasant proprietors. Thus, soon after 1776, Maria Theresa not only freed the serfs on the royal manors in Bohemia and Moravia, but actually divided up the large demesne farms found in each manor into small hereditary holdings at moderate quit-rents. Frederick William III. of Prussia in 1799–1805 did not go as far as this, but he did at any rate convert the peasant tenants into owners. Even more significant, perhaps, is the present aspect of Mecklenburg. That province is sharply divided to-day between, on the one hand, the land of noble estates with their day labourers, and, on the other, the *Domanium*, covered with peasant farms of all grades, from cottages with small hereditary plots attached up to small and large peasant properties. The Government could set about establishing a state of things like this as late as 1846 simply because it had kept its hold on the Crown lands. But in England the Crown lands, which in 1660 still brought in an income of more than a quarter of a million pounds, produced not a sixth of that sum at the accession of Anne. In forty years they

had almost all been granted away. Exactly to what extent this happened under the last two Stuarts, to what extent under William III., it is not easy to discover. The matter was bitterly fought over between Whigs and Tories in the reign of William of Orange. But it is evident that the final destruction of the Royal Domain took place under the first Parliamentary sovereign; and also that the Whig doctrine of the Parliamentary Power of the Purse necessarily involved the disappearance of the Domain as a substantial source of royal income.

I have but one more foreign lesson, but that most significant. Brentano has written an illuminating essay on the question, "To what is due the preponderance in Bavaria of peasant proprietorship?" His answer, in brief, is this: Rather more than half the land of the duchy belonged in the seventeenth and eighteenth centuries to the church, *i.e.*, to various ecclesiastical bodies. The management of these estates and of the peasant holdings of which they were for the greater part composed—like the management, as Brentano remarks, of church property in Europe generally—was considerate but conservative: it introduced no large reforms, but allowed things to go on unchanged; so that even serfdom (*Leibeigenschaft*) continued here and there to exist in name, though in the course of time it had become merely nominal. The main point is that the peasants actually remained on the land, down to the time (1803) when the church lands were at last secularised and passed into the possession of the State. Only less important were the political results of the retention by the church of its landed property. Both for reasons of self-interest, and also from gratitude towards princes who championed the Catholic cause, the church was ready to make large grants to the sovereign; and its territorial wealth gave it the means. Rendered by such grants independent of their nobility, the princes of Bavaria were able to dispense with parliament (*Landtag*). There was no provincial parliament between 1612 and 1669, and no parliament at all from that date till the close of the eighteenth century. The gentry might wish to exact heavier services from their tenants or to enforce a preferential claim on the labour of their younger sons, but the prince was free to disregard their desires. And as the lay lords could not annex peasant holdings to their demesne farms without a larger command of labour, they had no alternative but to leave them as they were. Thus Bavaria remained a country of peasants, both on church lands and on noble lands, right into the nineteenth century. When the government finally, in 1848, took the matter in hand,

enfranchised the peasants, and took measures to convert them into proprietors, there was no powerful landlord interest, as in Prussia, to insist upon the surrender of a large part of each peasant's holding in return for the abolition of seigniorial rights, and redemption was effected on extraordinarily easy terms.

It is hardly possible thus to learn the reasons why peasant ownership predominates in Bavaria without drawing some pretty obvious conclusions for England. We know, of course, that the confiscation of the monastic estates in 1536-9, and the passage, by gift or easy terms of sale, of this additional fifth of the land of the country into the hands of lay lords and gentry, did much both to create the great Whig houses of the eighteenth century, and also to enrich those substantial gentry, like the Cromwell family, who formed the strength of the Puritan party in the century previous. This, Hallam long ago told us, "was of no slight advantage to our civil constitution, strengthening and infusing new blood into the territorial aristocracy who were to withstand the prerogative of the crown." But on the other side of the account must be set the fact that it increased the area of land subject to the influence of lay landlords, and by contributing to make the king dependant on a parliament of landed gentry, it put it out of his power to protect the peasantry like his German contemporaries.

And now perhaps we can answer the question why the English land system differs from that of France or Germany. England owes its present land system, with all its merits and demerits, to the operation on the upper classes of the ordinary motives of self-interest. These classes were enlarged and strengthened by the growth of trade: and they were set free to carry out their will—and this, after all, was the main thing—by the triumph of the Reformation and the victory of Parliament.

W. J. ASHLEY

DUMPING AND THE TINPLATE INDUSTRY.¹

It is a matter for regret that English economists have paid so little attention to South Wales, for the northern land boundary of the Bristol Channel comprises one of the most interesting industrial areas in the country. The industrial changes of the last half-century, and the social consequences of such changes, provide an important chapter in modern economic history. South Wales is to-day exceedingly prosperous, the distribution of wealth among the various classes of producers is less unsatisfactory than elsewhere, and poverty due to industrial changes is practically non-existent. Moreover, the configuration of the country is such that, except in the coal regions of North Glamorgan, industrial development has not yet been able to destroy the amenity of the towns and valleys as places of residence.

The most obtrusive manufacturing industries are those engaged in the production of steel and tinplate. During the past fifteen years the tinplate industry has been one of the most stable and prosperous in Great Britain. It depends mainly upon foreign markets, and only about a quarter of the annual production is consumed at home. Until 1891 more than seventy per cent. of the exports were shipped to the United States; but the imposition of a protective duty under the McKinley Act led to the establishment of an American industry which, before the end of the century, was able to produce all the plates required for home consumption. A rebate of 99 per cent. of the import duty is allowed upon re-exports, and for the past dozen years "rebate orders" alone have been placed in South Wales. But although other foreign markets have now grown numerous, and the relative importance of the United States has diminished, so large is the rebate order that Uncle Jonathan remained the largest customer until about two years ago. In most of the other foreign

¹ Based on a paper read before the Economic Section of the British Association, 1912.

countries Welsh manufacturers enjoy a complete or partial monopoly, and the demand for the article has increased fairly rapidly and continuously.

The labour conditions in the tinplate industry repay investigation. Men, boys, women and girls are employed. The majority of the factories are well appointed, the wages paid are as high as those obtained by any group of industrial workers in the country, and the conditions of employment are exceptionally good. Piece-workers (who are in a large majority) enjoy an eight-hours day; the work is fairly congenial, and most of it calls for considerable skill. Labour is nowhere better organised than in this trade. Although the industry is strongly localised, and, apparently, well adapted to control by a single highly centralised union, the workmen are distributed among six associations. Since 1900 a Conciliation Board has been in existence, upon which, for the last few years, all the unions have been represented. Wage agreements are made annually, and once only has a dispute regarding the wage-rates resulted in a serious stoppage of work. But since the conciliation board was established at the beginning of a period of prosperity which has continued without serious interruption, it is difficult to say what strain it will bear. Although the standard rates have remained practically constant since 1871, the weekly earnings of the workmen, in consequence of improvements in machinery and plant, have been in many cases doubled, and in all cases considerably increased.

While these and other subjects call for attention in an examination of changes in economic organisation, we shall be mainly concerned, in this article, with those changes in the relations of the steel and tinplate industries produced by recent importations of sheet and tinplate bars. Little, if any, written material is available, for not even those journals published in the interests of the iron and steel trades have devoted much attention to the subject. In view of the unsatisfactory nature of part of the evidence upon which they are based, some of the conclusions here stated may require modification; but such tests of accuracy as are possible have been made, and the main contentions are probably closer approximations to the truth than were the unguarded utterances of controversialists during the recent discussion of fiscal policies.

A tinplate is a thin sheet or plate of steel which has been coated with tin for the purpose of protecting the steel from the action of acids and the effect of exposure. From tinplates are manufactured petroleum cases; cans for packing fruit, vege-

tables, and meat: dairy utensils and boxes for holding biscuits, cakes, tobacco, &c. The Welsh industry was first established (in the eighteenth century) to provide a market for the iron produced in the district: it was in every way subsidiary to the iron industry. A tinplate mill was but an appendage to the forge, which manufactured other iron products as well as bars. When, after the middle of the nineteenth century, steel gradually displaced iron in many uses, the forge grew increasingly dependent upon the tinplate mill, and the manufacture of iron bar became a more important branch. But the two stages of manufacture—the production of the bar and its subsequent manipulation—constituted practically one industry, and few “pure” tinplate works existed. The masters’ association included makers of iron as well as manufacturers of the finished product (generally they were the same people), and the workmen’s union was equally extensive: the “1874 list” controlled not only the rates paid to those engaged in tinplate manufacture, but also the wages of the men employed at the forge and furnace.

Between 1879 and 1886 steel was substituted for iron as the material of which tinplate was made—Bessemer bars took the place of puddled iron bars, and Siemens bars that of charcoal iron. The former were obtained from factories originally built for making rails, in which tinplate bars were only afterwards manufactured as an exceedingly profitable subsidiary product. Tinplate makers have never erected Bessemer plant to supply their needs: for the latter requires a blast furnace, and involves a much greater expenditure of capital than does the plant required for the alternative process. Moreover, ever since the owners of Bessemer works turned their attention to the manufacture of tinplate bars, the supply of the Bessemer quality¹ has been sufficient to meet requirements. Since tinplate made of Siemens bar is more suitable for the majority of uses, the growth in demand was, and is, mainly for this material: consequently new Siemens factories were erected in the neighbourhood of tinplate works. Although a few of these were built by tinplate manufacturers the most important were entirely separate. The substitution of steel for iron thus had a disintegrating effect, and the manufacture of tinplate became a distinct and separate industry from that engaged in the production of the raw material, steel or tinplate bar. Since Siemens and Bessemer tinplates are

¹ Bessemer (acid) bars are now only used for making galvanised sheets, but those made by the basic process are still employed in tinplate works. Bessemer bars for the purposes of the remainder of this article refer to those made by the basic process.

partial (though not complete) substitutes, their market prices rise and fall together. This sympathy in prices extends to the bar, and anything which seriously affects the quotation for one influences also the market value of the other.

A Siemens steel works consists of a number of melting furnaces, together with a bar-rolling mill. In the furnaces pig iron, scrap and shearings are melted and converted into steel. The molten steel is then run into moulds, and the rectangular blocks thus formed (known as steel ingots) are passed through the bar mill and rolled into sheet and tinplate bars of the required gauge (*i.e.*, thickness, or weight per foot). These, when cut to the sizes required, are delivered to the tinplate and sheet works, where they are employed as "raw material." The Siemens steel works in South Wales are highly specialised. Although rails are made in a few, the main (in most cases the only) product is steel bar. Some makers supply such bars to sheet-steel and galvanised-sheet manufacturers in the Midlands, but they depend mainly—and the remainder depend wholly—upon the South Wales finished-steel industries for their market. A tinplate factory consists of two main branches, the rolling mills and the tin house. In the former the bar is rolled into thin sheets, which are cut to the required size. In this state they are called "blackplate," while the strips cut away, which are returned to the melting furnaces in the steel works, are called shearings. The blackplate is coated with tin in the other department, and prepared for the market. In some tinplate factories sheet mills (similar to, though larger than, the ordinary rolling mills) have been added, and in these the bar is rolled into sheets which are useful for some purposes without further preparation. Again, tinplate factories are easily convertible into a form suitable for the manufacture of galvanised sheets, and some have been turned to this use in recent years. Thus, in three closely related trades of the metal group three articles are produced which, within very narrow limits, compete with each other. Moreover, since there is little difference between bars from which steel and galvanised sheets are made, and those employed in the manufacture of tinplates of common quality, all three compete for the imported bar. No returns appear to be given of the quantity used in each trade, but since the tinplate industry is much larger than the others in South Wales it naturally provides the largest market.

A tinplate factory contains several rolling mills, from eight to twelve being fairly representative. A steel works, on the

other hand, contains but one bar mill; and whether the latter is fully utilised depends upon the number of melting furnaces which feed it. A well equipped modern bar mill is capable of producing about 2,250 tons of bars per week, while the normal output of a tinplate mill in the same time is about 40 tons. One such bar mill can therefore keep 50 tinplate mills adequately supplied with material. There are roughly four times as many tinplate factories as there are steel works. At the beginning of the present century, when foreign bars were first dumped into this country, there existed but little real competition between South Wales steel producers; each supplied a fairly secure market, and although there appeared to be no price agreement, the conditions in normal years approximated to monopoly.

German and American steel works, from which sheet and tinplate bars were sent to this country, are not so highly specialised. They resemble the Bessemer factories of South Wales and the Siemens and Bessemer works of England and Scotland; and, normally, rails, girders, &c., form the chief products. But by simply changing the rolls in the mills bars for galvanising and plating purposes can be made. If orders for (say) rails are not forthcoming in sufficient quantities to keep the mills fully employed, they are held back for a time, and bars are rolled and sold abroad on a basis of prime cost. And since the two stages are often under single control the prime cost alone of the pig iron need be taken in estimating the prime cost of the bar.

In 1900 the monopoly hitherto enjoyed by Welsh steel manufacturers was endangered, and tinplate bars were imported at prices which bore little reference to the cost of manufacture. Dumping of this character has continued at intervals up to the present, although most of the foreign supplies during the past four or five years have been necessary to the progress of the tinplate industry. Welsh supplies generally fall short or run ahead of requirements; and for some time scarcity has prevailed. The first bars were sent over from Germany, and were of the Bessemer quality; but when, in 1904, German makers retired for a time from our market, considerable quantities of American bars made by the Siemens process were imported. Since the depression of 1907-8 (which scarcely affected the tinplate industry) German, American, and Belgian bars have been dumped at irregular intervals and in varying quantities. During the first period of dumping London agents of foreign producers travelled South Wales, and sold to the highest bidders bars which had

already been shipped to this country on the chance of finding a market; but as trade increased orders were accepted for future delivery.

Imported bars have usually been sold on the Welsh market at prices varying from 7*s.* 6*d.* to 15*s.* per ton (generally about 10*s.*, or 10 per cent. below the modal¹ price) lower than those ruling for the home manufactured article, so that at first they were disposed of without much difficulty. But they were not so cheap, relatively to the home product, as they appeared to be. The purchase of the imported article was (and is yet) a different kind of transaction from the customary one on the steel market; complaints were therefore useless and redress was impossible. Moreover, supplies were sent to this country without any reference to the actual needs of prospective buyers. They were generally of the standard size, and sent over in large parcels; consequently they suited neither makers of odd sizes nor those who made a considerable number of standard sizes. For not only were the specifications of such makers extremely varied, but the separate orders were so small that they received no attention from the foreign producers of the raw material.

Again, the quality of the imported bars was at first so poor and variable, and the gauges varied so much, even in small parcels, that they were only suitable for conversion into plates of common grades. They were difficult to manipulate in the mills, and breakages of machinery were frequent. The quality (especially of Siemens bars) has now improved, but even to-day some purchasers of tinplate stipulate that the article which is supplied to them shall be made from British steel.² Moreover, when contracts were made for foreign bars there was no guarantee of prompt delivery, and often during busy periods tinplate makers found it extremely difficult to obtain bars in fulfilment of such contracts. Finally, foreign manufacturers required a larger margin in the rolling weight. Since this was a much more serious disadvantage in tinplate manufacture than in the making of steel and galvanised sheets, the imported bar was better suited to the latter use. But although dumped bars were not so cheap as they appeared to be, nor so suitable as the home product for tinplate manufacture, they were undoubtedly useful, and relatively cheaper to those tinplate

¹ By 'modal' I do not mean either normal or average, but rather that price which corresponds to the greatest ordinate of a frequency curve. The phrase is used to imply the price characteristic of the period under consideration.

² The *quality* of a tinplate may be discovered by a simple test, but it is impossible from this to trace its origin. Consequently the merchant is forced to accept the word of the manufacturer.

makers who confined their attention to standard sizes and ordinary grades.

The effects of dumping were far-reaching.

(1) The monopoly hitherto enjoyed by Welsh steel manufacturers was destroyed. Previously they had been able to dictate their own terms to their best customers, the tinplate makers. Often they supplied the latter only with those sizes which could be made without inconvenience, and in quantities which best suited themselves. And this policy naturally proved a great hardship to the smaller tinplate manufacturers. Since they were compelled to purchase in quantities far in excess of their requirements their credit was severely strained—more capital was required to carry on the trade, and interest charges were heavier. The surplus stock, too, was slowly oxidised through long exposure in the yard, and its value reduced. Moreover, since the bar makers supplied these sizes convenient to themselves, the waste of steel in the production of plates was considerably increased. In short, not only were the conditions of manufacture somewhat irritating, but the cost of production was higher than it need have been. When the monopoly was destroyed Welsh steel manufacturers were compelled to change their methods. They accepted orders for small quantities, and willingly supplied bars of the qualities and gauges required.¹

(2) The second immediate result was a reduction in the prices of steel bar. The market for this commodity was often seriously affected by the underselling of German bars. It is true that the latter were sent over in relatively small quantities, and that the total excess of supply was inconsiderable. But there is no close and obvious arithmetic relation between the extent of over-supply and the amount of reduction in price: a small over-supply *may* be followed by a heavy fall in prices. And this was true of the early days of dumping.

The offer of small quantities of foreign bars at lower prices often forced local steel manufacturers to reduce the prices of their own bars very considerably. Nor did this prove to be so great an advantage to the tinplate manufacturers as is commonly supposed. For the smaller firms played into the hands of the merchants.

¹ Some bar manufacturers tried to prevent the purchase of foreign bars by stipulating that the shearings which were bought from tinplate makers should be of Welsh bars only, others accepted shearings obtained from imported bars, but only at a price about 30s. a ton below that paid for shearings from Welsh bars. But it was obviously impossible to distinguish between the two; careful analysis would only indicate quality. Moreover such analysis was not worth the cost. They were consequently forced to rely on the honesty of the tinplate makers.

They were accustomed to work with as little capital as possible and as much credit as they could obtain; they relied upon immediate sales and early payment for capital to continue in operation. When dumped tinplate bars appeared in this country the merchant made use of the low prices at which they were sold to "bear" the tinplate market, and the prices of the manufactured product followed those of the raw material: in other words, the merchant rather than the manufacturing class gained most by the fall in the prices of steel bar.

It should not be forgotten that the small makers of tinplates suffered in two ways. Usually they sold to merchants, and suffered from a fall in market prices. But they did not, as a rule, succeed in obtaining dumped bar; and they only benefited to the extent that foreign importations resulted in a reduction of prices of Welsh bars. German and American bars—especially the latter—came over in shiploads¹ or in large "parcels," and were generally sold to large buyers. The latter, on the other hand, were less dependent on the merchants. Their market was fairly secure, and their prices for tinplate varied less than market prices. Production was less a matter of speculation and more in response to demand directly from customers abroad and in fulfilment of contract. Consequently, those makers who benefited least by dumping appear often to have suffered most from the resultant fall in prices of tinplates.

Although prices to tinplate merchants were reduced, consumers who purchased from them did not always, if often, benefit; for just as some large consumers in foreign countries made contracts with manufacturers without the intervention of merchants, so, too, did other consumers make contracts with merchants; in other words, while the tinplate market is highly organised as between manufacturers and merchants, it is not so highly developed as between merchants and consumers, and wide variations in prices charged to consumers may exist.

Moreover, even if prices to consumers had been proportionately reduced, the reaction on trade would have been extremely slight; for the long period demand for tinplate (as distinct from market demand) is highly inelastic within fairly wide limits of price. Thus it seems absurd to argue, as many have done, that the prosperity of the tinplate trade in recent years is largely due to importations of bar at low prices. It is undoubtedly due to the increased use of tinned food, &c., and the effect of slight variations

¹ Not until the summer of 1911 did American shippers accept less than a full cargo of bars.

in the prices of tinplates upon the prices of and demand for tinned goods is negligible.

The destruction of the bar monopoly was undoubtedly an advantage to tinplate manufacturers, but an advantage purchased at considerable cost. Dumping occurred at irregular intervals, and the quantities imported varied considerably; consequently, violent and unforeseen fluctuations in prices took place, market conditions became more unstable, and contracting for future delivery more difficult and risky.

(3) Undoubtedly the most important effect of dumping has been to hasten the process of integration in the steel and tinplate industry. Until about six years ago the two stages of manufacture formed quite distinct businesses, but now the production of Siemens bar and the manufacture of tinplate constitute practically one industry.

Space will only permit a short statement of the manner in which the change has been produced.

In 1905 the Americans exported considerable quantities of Siemens bar to this country, and Welsh prices were extremely low. But at the end of the year dumping practically ceased, and the market improved. A few months later the Siemens Bar Association was formed for the purpose of raising and regulating Welsh prices; and the conditions of manufacture and trading were so favourable that its efforts were largely successful. There are but few makers, and the number is not likely to be increased very considerably. For steel production involves a considerable expenditure of capital; the producing capacity per unit is large relatively to the total demand, and a few factories can produce all the bars required.

Late in 1907, however, foreign bars once more appeared on the Welsh market, and more than one local steel manufacturer was in a position of some difficulty. The easiest way out of this difficulty was to secure preferential treatment and a market for the bar by acquiring financial interests in tinplate factories.

This policy has now been carried out everywhere, and to-day there are practically no Siemens bar manufacturers who are not also financially interested in tinplate works, and very few Siemens tinplate makers who are not shareholders in steel manufacturing companies.¹ But it should be observed that this process

¹ The movement still continues, but a few tinplate makers remain independent. They now complain that during brisk periods they are left out in the cold and cannot obtain steel. Bar makers naturally supply these works in which they are financially interested before they sell to the outside manufacturer. The importance of a steady supply of steel of guaranteed quality made the average tinplate maker ready to join the movement towards amalgamation.

of integration would have gone on—at a slower rate, perhaps—even if no dumping had taken place after 1906. It was the inevitable consequence of the formation of the Bar Association. For although the latter controlled prices, it made no attempt to control the output. While the steel manufacturer could not sell in the open market at a price below that fixed by the association, there was nothing to prevent him from erecting additional melting furnaces and in other ways increasing the producing capacity of the factory. And the high prices fixed by agreement naturally induced him to do this, and to guarantee a market for the whole of his output by purchasing or combining with a sufficient number of tinplate firms. In the tinplate industry, although the prospective advantages were considerable, the conditions were not favourable to the control of prices by combined action. Not only were there too many firms already in existence, but the cost of erecting new factories was so small that new competitors could easily enter the trade and sell plates at lower prices. It is evident, then, that recent dumping, by early creating a condition of things which would inevitably have followed, has hastened the process of integration.

The situation to-day presents features of interest. The Bar Association appears to be a successful experiment; prices are fixed by agreement and competition seems to have been eliminated. But in reality steel manufacturers are competing against each other in the next stage. Large firms controlling both stages will often sell tinplates without profit, and if necessary erect new tinplate mills, in order to secure a market for the steel at association prices. The trade has increased so steadily during the past half-dozen years that this fact has escaped general notice, but within the next few years it will probably become more evident to the outside public.¹

¹ This prediction, which was made when the paper was written in September, 1912, has already come true. In the summer of last year demand was in excess of supply and prices were extremely high, but at the time of writing this note (April, 1913), between 15 and 20 per cent. of the tinplate mills are idle. Although the depression is likely to be of short duration the causes are worth mentioning. Some operate on the side of supply, the remainder on the side of demand.

In the first place the producing capacity has been rapidly increased during the past two years. (1) As already hinted in the text, a large number of new mills have been erected since the process of integration became well marked. This is undoubtedly the main cause of the depression. (2) The efficiency of some of the new mills is greater than that of the old ones. The standard size of plate is 14" x 20". At first 14 inch rolls were employed, and plates were rolled "single width"; then 28 inch rolls were introduced, plates were rolled "double width" and cut in two, so that the output of the mill was doubled with little, if any, increased expenditure of labour. Some of the rolls in the newest mills are 42 inches long, and plates are rolled in three widths. (3) Improvements in the driving machinery have increased

The question naturally suggests itself : how far will the movement towards monopoly or combined action go? But a few years ago a well-known writer argued that a price agreement in the tinplate trade was impossible, as there were too many firms in the

the normal output of the older mills by reducing the number of forced stoppages. It is thus obvious that the producing capacity has been increased more than proportionately to the number of new mills erected.

In the second place the demand for tinplate has fallen, mainly because the Balkan War has caused the Roumanian and other markets in the near east to be temporarily closed. But interest is now mainly directed towards the American markets. About two years ago the rebate orders from the United States, and shortly afterwards the Canadian orders, were lost to Welsh manufacturers. At that time they were less remunerative than those which were accepted from other customers, and the latter were sufficient to keep all the mills fully employed. In the United States, on the other hand, both the steel and tinplate trades were suffering from overproduction. Formerly the "surplus" bars were dumped into this country, but recently they have been converted into tinplates for sale at home and in Canada. The policy of dumping tinplates into Canada and competing for the rebate orders was encouraged by the workmen, who accepted large reductions in wages when working such orders. It is now reported that part of the rebate order for this summer has been placed in Wales, so that it appears likely that a portion, at least, of the American trade will return.

While it is impossible to compare the costs of production in the two countries, it is probably true to say that the manufacture of tinplate involves a smaller net expenditure of human energy in America than in Wales. On the other hand, since the measures of value differ materially the money cost is considerably higher. The facts already given suggest that American manufacturers can only compete successfully when prices are abnormally high, and even then, it may be, only when prime costs are reckoned for pig iron and steel bar.

These considerations are relevant to a discussion of the probable effects of the proposed reduction in the United States tariff. If we cannot recapture the rebate order it is difficult to see how we can hope to benefit immediately from a reduced tariff. Until the producing capacity can be adjusted to the new conditions the Americans will continue to supply tinplate intended for home consumption, even assuming the present high duty to be necessary to profitable business. Moreover, if a new and lower scale of duties is adopted, of which the tinplate tariff is only one, a measure of value more like our own will emerge, i.e., the general level of prices will fall, and if the statement that tinplate manufacture involves a smaller net expenditure of human energy is true the ultimate effect of the proposed tariff changes will be unfavourable to the Welsh industry. It is undoubtedly true to say that if the United States had adopted a Free Trade policy when the Wilson Act was passed, the Welsh tinplate industry would not have recovered so completely from the blow given it by the McKinley Act.

Some writers attribute the present depression in South Wales to the coal strike of last year. Contracting for future delivery is undoubtedly made more difficult by strikes and fear of strikes, but orders are seldom lost unless there are competing commodities produced outside the strike area, or a competing branch of the same industry in a foreign country. Neither of these conditions obtains in the case of tinplate, so that the coal strike can scarcely be a contributory cause of the depression. It is extremely likely that demand will soon be greater than ever before, and when prosperity returns it will not be surprising to find a serious attempt being made to control prices by combined action on the part of the manufacturers. The Siemens Bar Association may easily become a bar and tinplate association.

trade. But to-day we find a comparatively small number of large business units, each of them exercising partial or complete control over a bar mill and one, two, or more tinplate factories. Between these large business units keen competition prevails at present, and keener will prevail in the future; and without the operation of certain counteracting forces now at work, some such combination as exists to-day in Germany and America would probably be formed.

The conclusion we arrive at is that dumping provided a strong incentive to the formation of the Siemens Bar Association, although the conditions of success of the association's policy were largely independent of it. In this way it hastened the process of vertical integration, and helped to change the organisation of the two industries. The question of the control of tinplate prices, which quite recently was regarded as outside the range of business politics, has now become a practical one, and is likely to receive consideration in the near future.

J. H. JONES

THE INCIDENCE OF INCREMENT DUTIES.

IN his classic treatment of the question of unearned increment, Mill rightly pointed out that the present market price of land covers the discounted worth of future accretions to its value. It follows, as a corollary, that any tax upon those accretions when realised will also be anticipated and discounted, reducing the present market value. The view that the whole burden of an increment tax must be upon present holders has recently received the endorsement of Mr. C. F. Bickerdike in this JOURNAL,¹ after he had dealt with the considerations leading away from that conclusion. A principle so fundamental is worthy of close examination in relation to practical schemes, in view of the future of this new branch of taxation.

The view of the writer was expressed in this JOURNAL² in the following terms: "Taking the term 'market-judgment' to be the reasonable consensus of opinion as to the future prospects of a given site, it may be said that everything as far as that market-judgment can see, up to its 'time horizon,' as we may call it, has an influence on present values. Beyond this horizon nothing can be judged, all chances of further change in value are even. (If they are not even, let a chance of further improvement preponderate, say as 3 to 2. Then, obviously, this preponderance must have an influence on present value, and the point where 3 to 2 is still seen is *not* the horizon.) In a sense, we have here the difference between investment and speculation or gambling. If the market-judgment (as an averaged risk) is borne out, the future value is the same as the present, with a difference for interest only. The value at the horizon, discounted, is present value. Now a tax allowing for interest could not confiscate present *investment* value. The interest must be reckoned on the whole value of an unused site, but for a used site the capital value of the present income must be deducted from the whole value,

¹ March, 1912.

² March, 1911.

and interest reckoned on the unproductive margin only. The 10 per cent. allowance represents about two and a half years for an unused site, but may be twenty years on a well-used site with some future prospects. The question of confiscation is jointly one of the distance of the horizon and the amount of the unproductive margin."

Professor Pigou,¹ in his letters to *The Times*, pointed out that an estate yielding no income, but expected to be worth £350 per annum in 1934, or a capital sum of £11,600, would be valued in 1914 at £6,400, reckoning interest at 3 per cent., and a tax on the "increment" of £5,200 is not in any sense a windfall tax, "but a direct impost on the present owner." In the majority of cases the postulate that there is no income at all is, of course, incorrect—market value comprises the capital value of present income and that of future expectations. Supposing any fictitious currency increment to have been eliminated, Professor Pigou says:—

"It is possible to separate the windfall element in the real increment in the following manner: If a piece of land in 1914 has a total value $(x + y)$, made up of a value x due to its present (agricultural or other) use, and a value y due to expectations of building rents after 1934, there should, interest being reckoned at 3 per cent., be a non-windfall increment in the value of the land by the year 1929 equal to 56 per cent. of y . If interest is reckoned at 4 per cent. this non-windfall increment should amount to 82 per cent. In order, therefore, that increment tax may be confined to windfalls, it ought only to be levied on increments which, at the end of fifteen years, exceed, say, 70 per cent., not of the total original site value, but of this total original value *minus* the part of it that was due to the then (agricultural or other) use of the land. For periods of greater or less length than fifteen years similar calculations could, of course, easily be worked out."

It appears, so far then, that a tax could be designed to tax the windfall element only, to avoid investment interest, and therefore to have no effect whatever upon present values. But Mr. Bickerdike is not in agreement. His own words must be quoted, in order that his meaning may not be distorted. "Anyone who has paid that present value needs the increment to enable him to earn interest. To tax the increment simply knocks so much off the present value.

"But do we really get out of the difficulty even if we allow

¹ *Vide* "The Policy of Land Taxation."

for interest? Do we get, in theory at least, a tax on 'unearned increment' pure and simple? Is it not like a tax on winnings in a lottery, *imposed after the tickets have been bought*? Land is bought with the knowledge that its future value is problematic. The purchaser gives a price for the probability. If you announce that all the chances that turn out well will be taxed, is it not exactly the same thing as knocking something directly off the present value of all the chances?

"Do we not then arrive at this conclusion, that the increment value tax is no different, as regards the question of incidence and of equity, from a simple tax on existing land values, and that it has this peculiar feature which differentiates it from all other taxes in force, excepting the old land tax, that the *true incidence of the whole burden, present and future, is on a limited number of existing owners of land*?"

Mr. Bickerdike rightly concludes that Mill, and others who have made no reference to interest, have failed to see that part of present value must be confiscated, and his criticism of the English duty is so far just, but in so far as his criticism goes beyond the omission of interest, and he has in mind the omission also to deal with the "lottery ticket," we think his remarks require careful examination. Professor Pigou deals with the same point much more cautiously when he says:—

"In some cases an increment which is not definitely expected nevertheless enters in some measure into present value, and is, therefore, not true windfall. I may, for instance, have a piece of land which is expected to yield for a long while £300 a year, but in regard to which it is recognised vaguely that either a rise or a fall may take place. This land—with interest at 3 per cent.—will have a capital value of £10,000, and it, therefore, seems at first sight that the possibility of its rising in value is not being discounted. In reality, however, this possibility does enter into present value, acting there as a counter-weight to the possibility of a fall. The measure of influence which this possibility, reckoned over the ensuing fifteen years, exercises upon present value is given by the sum for which the right to all increment *of this class*—I am not, of course, now referring to the *anticipated* increment already discussed—accruing during the said fifteen years could be sold. The matter is one upon which the opinion of land-agents and others might usefully be taken. I feel some confidence, however, that the sum obtainable would in general be a very small fraction of the capital value of the land. If this conjecture is right, these increments, when they accrue, are

predominantly, though not entirely, windfalls; and the passing of a law for their taxation would not strike present owners to any substantial extent."

Probably Mr. Bickerdike would not wish to insist greatly on the practical value of his "lottery ticket," but since he goes so far, and the point is really of considerable importance, it is worth while to examine it more closely. We feel somewhat in the position of the Irishman who had "never seen the kettle, and if he had it was lent him, and if it was lent he returned it, and if he returned it it was all right when he did so, and if it was broke when he returned it, well then it was broke when he first had it." For we doubt the real existence of the lottery ticket, but if it exists it is not much good, and if it is, well it is not really a lottery, and no one has read what is on the ticket.

In what sense is the value of land problematic, and in what sense does the purchaser give a price for the probability? Taking, for simplicity, a site that yields no present income, we may conceive that it will be worth £2,000 at the expiration of a certain length of time, and therefore £1,500 now, the present value, because :—

(a) It will *certainly* be worth that, on capitalised income yield, and the prospects of plus or minus are *nil*, or

(b) it may range between £1,900 and £2,100 at that time on income yield (we assume for the moment that what Professor Pigou calls the "counterweight" is equal to the prospect of deficiency, and that value is *midway* between the extremes, though this is not necessarily true), or

(c) it may range between £1,500 and £2,500 (on income yield).

Now, on Mr. Bickerdike's principle, (a) would be covered by the interest allowance, and there is no depression of present price; (b) has a practical range (on the assumption of a 20 per cent. tax, above interest allowance) from £1,900 to £2,080, mean £1,990, present value £1,497 10s.; (c) has a range £1,500 to £2,400, mean £1,950, present value £1,462 10s. Thus, the effect on present value is proportioned directly to the pure gambling element, and, inversely, as the stable business element, in the valuation, and if it has some effect on present values in a few cases it is not wholly to be deplored. If one put a tax on gambling results, there would be little reason, in equity, why it should not apply to transactions already entered upon. But in land it is only a small proportion that are of the extreme gambling type, and we may get an unbroken series up to the other extreme

where the purely commercial unspeculative result rules, and there is absolutely no lottery element. Only a small proportion of cases are of the highly fluctuating or lottery kind, and also only a small proportion of dealers in property care anything at all for the lottery element, and give anything for it. It may be said that one person who does, out of a dozen bidders, will command the sale; but we would venture to say that even that one is often absent, and it is not those who esteem the lottery ticket who generally rule the prices.

Then, again, there is the mistaken assumption that the relation between lottery ticket values and lottery prizes is a simple *mathematical* one, and that a ticket is "worth" the prize divided by the chances to the average person. The relation is far more of a *psychological* character. Is it to be understood that one grand prize of £1,000 for a thousand tickets would give the same ticket-value as five hundred £2 prizes? Indeed, no; and the point of maximum appeal to the gambling interest is probably between these two, but generally it may be said that a little docked off the big prize would not affect the value nearly as much as a reduction of the *number* of chances. So a tax that "docks" something from the prizes will not have such serious results as one which proceeds to take the whole of every fifth prize away. The "demand" side is little influenced by the exact size of prizes, but greatly by the chances. Our assumed interest-free increment duty then will not have an exact mathematically-equivalent effect on values, especially when the prize is discounted over a long period and we are thinking only of *present* values.

But it may be said that we have assumed that the lottery element is present during the currency of the accumulating interest period, whereas it should be taken as coming into existence after the realisation of this. That is, we should take the value to be £2,000 at maturity (£1,500 now), *plus* a lottery ticket to be given us then for what will happen in the more distant future. We have, as (a) above, what represents a certainty (as a market judgment) *plus* a problematical after-possibility. This chance element may be (1) either a narrow or wide range of fluctuation in value, say down to £1,000 (decrement), up to £3,000 (further increment), as given in (b) and (c) above, or (2) one chance, in a number, of a good prize. Dealing first with (2), the above remarks apply with greater force owing to the distance of time. We get a position, in most cases (in evaluating the present value of a lottery ticket to be awarded at some distant period, of which the prize will be payable at a period still more

distant) analogous to the value of a reversion which, lying beyond a number of years having a reasonable relation to the span of human life, fails to have any effect upon present values.

But in the case of (1), which may be said to be the typical one, and is probably what Mr. Bickerdike has in mind, where problematical future values have to be dealt with, we must say more. In this case, we can see our way to a certain definite result with reasonable certainty, but *after that* there will be a fluctuation up or down. The up and down are in equipoise; a tax on the "up," and no allowance for the "down," will make the point of equipoise lower, and thus affect present value—such is substantially the argument. But a crucial question has been omitted. Is the system a personal one, dealing only with the position of the owner; or is it impersonal, dealing with the site? The English system is the latter. On an impersonal system, dealing with the site only, when the site has risen to £2,000 as expected (and if interest is allowed, no real chargeable increment is found), it is *franked for ever* for £2,000. What is the significance of this? If it sinks in income value thereafter to, say, £1,700, a purchaser knows that it is franked at £2,000, and he has a £300 rise absolutely free of tax possible. So this site, in competition with other sites of equal income values, which have never been so franked up to an advanced point beyond the existing income value, has a substantial advantage. With the fair postulate that taking the generations through, and ignoring decadal fluctuation, sites will have a tendency to increase, this site will be bought with a subsequent advance and recovery actually in view, and the question of a tax-free increment acting as a differential advantage will prevent the value falling to the point it would have reached but for the tax already borne.¹ If other sites, having no such advantage as the "shield" provided by the over-sanguine estimate previously placed by the market-judgment upon the site in question, would have been worth £1,700 in the absence of a tax, and if we assume that the existence of the tax depresses their value below that figure, the shielded site does not share the disability at this point. The fluctuation range will not then be altered from, say, £2,300-£1,700 to £2,250-£1,650 by the existence of a tax, but to £2,250-£1,700, *i.e.*, £1,975, or *half* the amount of the tax below the old mean. In short, the equipoise is reduced by half the tax, because, although

Analogous to the effect of the Land Tax exemptions and abatements on market values. *Vide* "Land Valuation and Rating Reform," by the present writer, *ECONOMIC JOURNAL*, 1911.

any further increment will be taxable and reduce the prize, if there is a decrement, tax will be held up as paid in advance for a subsequent recovery, and the fact of freedom for this tax will be discounted in the decrement. If we revert to the lottery figure, it may be said that while each holder is to be given, on the declaration of the result, a ticket in a subsequent lottery, those tickets given to the failures shall be favoured by carrying the right to prizes of the old magnitude, whereas the tickets given to the successful continue to bear title only to taxed prizes.¹

But it is one thing to have halved the maximum burden which is to be foreseen or discounted, and another to consider the whole practical effect of the reduction. It is one thing to observe free action in a vacuum, but another to modify it by the introduction of normal conditions. In the catallactic sphere we have considered, the change in size doubtless does not affect the probability of shifting in the slightest, but in real life we know that the smaller the tax the less tendency it has to shift, and if resistances are constant the probability of shifting will increase progressively with the burden. At the point of emergence into practical possibility, a change directly as the square seems a not improbable assumption. It is not too much to say that in halving the burden --distant and not too tangible in this case--the probability is so diminished that the net resultant burden shiftable in the aggregate of the cases is reduced to one quarter. But this is viewing the tax as of an ordinary kind, prospectively considered. When we remember that it is merely an alteration in lottery values, and that its appeal is not along actuarial but psychological lines, and along those lines is in the direction of minimum effects, the actual probability of shifting back is still further reduced. Some of the considerations urged by Professor Pigou in relation to

¹ While it may not be *prima facie* plausible that the lower limit can be actually improved by the imposition of such a tax (i.e., that it may be *above* £1,700 in the example taken), it is conceivable that such may be the case if the conditions urged by some writers as likely to ensue upon the introduction of the tax are actually found to exist. They contend that ownership will be perpetuated, and owners will prefer to remain in possession and receive the income, rather than become, by capital realisation of that income, subject to the burden. The contention is dealt with later, but in so far as it may be correct, it is an interesting speculation to consider the effect in a limited market with few buyers and sellers. The owners of "unshielded" sites, worth £1,700, would not wish to *sell*, unless the price rose enough to reimburse them, and there would be, for them, a zone of reluctance, say, to £1,750. A single "shielded" site, in its downward search for a buyer, need not drop to £1,700, but only to just within this zone, to be carried off, Dutch auction fashion, say at £1,740, by the most urgent bidder. The owner having no cause to share the reluctance of the others, can, in short, profit by it. In such an event, of course, the point of equipoise after the imposition of the tax is closer than ever to the original figure.

"postponed" taxation in general are also in point here, and to the same end.¹

Here we may profitably consider the effect of such a device as the "substituted site value"² in the British system, where a purchase figure within the twenty years prior to 1909 which is higher than the 1909 valuations may be substituted as the datum line. What is the position when two sites of equal value (say £1,000 at 1909) are in competition in the market, one of which cost, say, £2,000 fifteen years ago, while the other had no such history? If both rise in value to £1,500, the seller of the first gets his £500 "profit" in full, whereas the other will secure, after payment of the tax, only £120. The first, if buyers are few, can afford to sell at £1,470 and still do a great deal better than the second at £1,500. The provision acts as a handicap in favour of holders of the former and may have a tendency to lower the market.

On the whole it may be said that, "even in theory," Mr. Bickerdike's doctrine of universal incidence on present owners needs such severe qualification as to destroy its value as a valid criticism of an interest-allowing increment tax proposal. And in practice, too, it has very little semblance of truth. The statement that the true incidence, present and future, of a real windfall tax is on a limited number of existing owners of land, through the lottery principle, is similar in degree, if not in kind.

¹ *Wealth and Welfare*, p. 376.

² The Finance (1909-10) Act, 1910, provides [sec. 3 (5)] for a 10 per cent. increase in site value to be tax free on each occasion when the increment value is being calculated, with the slight reservation that in any five years the amount so allowed shall not exceed 25 per cent. of the site value. Sec. 2 (1) confines taxation to the increment in site value. Sec. 1 enumerates the occasions of taxation to include sale, lease over fourteen years, and death. Sec. 2 (3) provides for a substitution (for the "original" value of 1909) of any greater sum paid during the preceding twenty years, to avoid taxation in the case of a recovery from depression since that purchase; and sec. 3 (1), etc., for taxation to be confined to progressive increases and not to apply to recoveries from intervening decrements.

The German Imperial Increment Tax Law of February, 1911, provides in sec. 1 for taxation of increment in the *whole* value of property; in sec. 7 for "death" to be excluded from the occasions for increment; in sec. 16 for certain allowances of interest upon the purchase price, from 1 per cent. to 2½ per cent. according to circumstances. Sec. 17 makes the tax retrospective on increments from the value in 1885, or from any higher purchase price. Sec. 28 establishes the tax graduation from 10 per cent. on increment not exceeding 10 per cent., up to 30 per cent. on an increment of 290 per cent., this tax being reducible by 1 per cent. of its *amount* (not *rate*) for every year of the increment period, thus treating short period speculative rises most heavily. These points suffice for the purposes of this article—a further detailed comparison of the two complex systems is given by the writer in the *Local Government Review*, December, 1912.

to the statement that a crooked nose three generations hence exists to-day in the great-grandmaternal ovum.

Professor Davenport, and other American writers, abuse the "Capitalisation" or "Amortisation" doctrine by applying it too sweepingly. "With every increasing assurance that the new tax program will be adopted there must concurrently be taking place a fall in the market values of the lands. When, finally, the law has been enacted, the values of lands will have fallen in a degree to express the present worth of the expected future increases in the tax burden."¹ When Professor Davenport, speaking actually of the English tax, goes on: "Such lands as are *thereafter* sold will exhibit in their sale prices this prospective diminution of *income*," there seems to be some confusion in the language. "The real taxpayer is, therefore, the present vendor. If the new proprietors are ever called upon to feel any burden, it must be solely by the fact that they have mistakenly appraised the degree of menace." Professor Johnson² says also that: "It is true that the burden of the tax will fall on the present owners; . . . the decline in selling value will be the sum of the present values of all the future increment taxes, *so far as they are anticipated*." We italicise his last words, because they govern the whole question. Fortunately, the writer goes on, "the sum of an infinite series may itself be quite small. Moreover, the fact that land owners and land buyers may not expect to appropriate all the increase in value is no reason why they will not appropriate all the law allows. Eighty per cent. of a loaf is better than no bread." These statements about the immediate incidence of all future burdens are extravagant indeed when we remember that the majority of land values comprise, in the greater part, capitalised present income, with perhaps a small margin for real expectation (and occasionally a little payment for a lottery element), so that a 10 per cent. allowance is more than enough to prevent the throwing back of the tax on this marginal element in most cases, leaving the genuine windfall element to bear its own tax when it arises.

But Professor Davenport's remarks about the effect of the burden in inducing owners to retain ownership and receive rents, instead of selling and paying a tax, are very much to the point.³ He urges that the effect will be to lessen transfers, and the tax will therefore tend to fall more and more upon occasions for duty

¹ *Quarterly Journal of Economics*, Vol. xxiv., p. 289.

² *Ibid.*, p. 761.

³ Since the tax is levied only on sale, grant of long lease, or on death, in England, while in Germany "death" is omitted from the occasions for liability.

at death. Thus the periods of accrual will become longer, and occasions "fewer."¹ But under the British system, with the 10 per cent. allowance every time, and still more under the German, with the progressive rates, there is a strong countervailing tendency that most writers omit to notice.² If "occasions" tend to be few the Revenue will be the gainer. Again, too, there is always a demand for outright purchase, and if owners hold up so that properties "trickle" out into the market, prices will harden up, and even valuations at death will have a tendency to be based on the evidence of the higher and fewer sale prices, which at once set up a counter attraction to sell. As Professor Johnson has said, Professor Davenport's theory—"that the perpetuity of the landed gentry has been guaranteed"—needs severe qualification. Brunhuber rightly says that an increment tax "stands in the way of any *artificial* rise in values," and "a *substantial* and rapidly progressive tax of this sort tends to keep down prices."³ It has been argued, with some show of reason, that a periodic levy, say every ten years (in a direct form), would avoid the question of special retention.

Mr. J. A. Hobson's comment upon this "shifting-back" question is disappointing. He holds that the fact of having investment in land having proceeded on an equality with other forms of investment for so long need not preclude the special taxation of future increments, "for if it be contended that *part or the whole of such future* rises of value has already been anticipated, . . . and that it would be unjust to take from existing owners any part of the prospective values, . . . we can only reply that this cannot be held to be a *proper* interpretation of the conditions under which reasonable men have recently made contracts for the sale or annual leasing of land."⁴ He explains that it is not "proper," because the proposal to raise public revenue from increments in land value has figured so prominently in practical politics of all progressive parties, that it may "fairly be presumed that the probability of such special taxation has been taken into account in recent negotiations for sale or leasing. . . . If I have paid £900 when I should have paid £1,000 but for the probability that special taxation would shortly be placed upon it, I can have no

¹ Vide "Unearned Increment Taxation in Britain and Germany--a Comparison,"—in the *Local Government Review*, December, 1912.

² Vide "Ueber die Reform der Grundsteuern in Grossbritannien und Irland," in *Conrad's Jahrbücher für Nationalökonomie und Statistik*, July, 1912, by the present writer.

³ *Quarterly Journal of Economics*, Vol. xx., p. 103.

⁴ *The Industrial System*, p. 226.

ground for complaint if this probability is converted into actuality." He disposes of the shifting-back difficulty by shifting it back further! You have only to talk about a tax for a time before it is imposed to deprive it of all sting when it comes into force! And if there is any injustice, it is not the doers and legislators, but the talkers and propagandists who work it. Mr. Hobson does not deal with any allowance for interest as a method of reducing the difficulty, so that the full force of a tax on the British method has to be covered by his "talk about it and smother it up" doctrine of incidence, and at the General Election of 1906 the burden of the tax of 1909-10 on future increment was borne once and for all! Throughout this paper we are not really concerned with the effects of apprehension upon market values, which should not be confused with the mathematical disposal of a known burden, but only with the possibility in theory and practice of shifting back a tax upon true increment or windfall.

We have assumed up to this point that an adequate allowance for interest is being made, and that otherwise the incidence of the tax must be partly on present values. But this question of interest as a proper and fair allowance must not be dismissed too lightly. Like every other feature of an increment tax, it must be studied in relation to the *other elements of existing taxation*.

"The proposition to exempt a certain sum for interest brings in at once important features, nearly always overlooked. The very sum exempted is an accumulated interest which will thus have borne no tax at all, *income* or otherwise, and real property is virtually the only form of capital (not dependent upon the collector's instinct) in which a man can let his interest accumulate without bearing tax thereon annually. . . . A man who had bought a property for £1,000, and sold it for £1,500, has hitherto escaped income tax, because it was a "capital" increase; now when it is said: "You have a capital increase suitable for taxation," if he pleads that it is not capital, but merely interest (deferred), he is back into the arms of the income tax. The problem of scheming a tax on future social values without affecting *any* present values at all (as distinct from existing contracts) is well-nigh insoluble, because there must be brought in a kind of substitute for an income tax on an interest previously free, and that can hardly be done without affecting the present capital value of the source yielding that interest."¹ This objection to the interest allowance has never been answered. Of course,

¹ *Vide* ECONOMIC JOURNAL, March, 1911, "Land Valuation and Rating Reform by the present writer.

directly we cease to tax or rate a property on its present income value (and, in the case of a vacant site, that is *nil*), and begin to tax on a percentage of the capital value, the objection fails. This class of accumulated interest has too long been free from all taxation, and if it is now reached by a non-interest increment system, there can be no real hardship except possibly in the rate, 4s. in the £ instead of 1s. 2d. income tax. But even then, the escape from rates, so far as they are levied on a faculty principle, serves to show that the new taxation on this class of income is not excessive. Any burden falling upon the present owners through this system should not be put to the credit of a true increment tax, but must be regarded as due to the rectification of an anomaly in the income-tax system, and as just similar to what would have taken place had this favoured form of property been brought within the income tax net by legislation.

So we reach the conclusion that an increment duty on the British model comprises two elements: one, a legitimate extension of the income tax to a class of annual interest hitherto free, and the other a true tax upon "windfalls." The first, *in so far as it is not covered by the 10 per cent. allowance* (and such cases will be mainly restricted to unused sites), is shifted back, as the rectification of a differential favour, to present holders: and the second, the true increment tax, is hardly "shiftable" at all.

J. C. STAMP

CONTRIBUTIONS TO THE THEORY OF RAILWAY RATES.—IV.¹

DIGRESSION ON PROFESSOR PIGOU'S THEORIES.

RESUMING my attempt to construct an abstract theory of railway economics, I find the ground preoccupied. My incipient constructions are dominated by a new and imposing edifice which has arisen in their neighbourhood. The builder thereof is one who lays his foundations very deep; and it may well happen that in doing so he may have caused the ground to give way from under a neighbouring structure. It is possible also that his building may afford support to that of a neighbour after the manner of a buttress. These fears and hopes are excited by the chapters on monopoly and railway rates in Professor Pigou's *Wealth and Welfare*. I have already² pointed out the importance of this work as a whole. I think it necessary now to consider in greater detail those parts of the work which bear on subjects handled in the preceding sections of the present study and in the earlier paper³ on which those sections are partly based. I follow an order of topics suggested by the arrangement of the said sections.

Limits of State Intervention.—There occurs first the question, What are the limits of a study which purports to lead by way of the theory of monopoly value up to the regulation of railways by Government.⁴ I had defined the objects of the study as "public works characterised by monopoly of such a kind as to justify the intervention of the State." What that kind might be I suggested by reference to M. Colson, who distinguishes those works which have need of *land* in so special a degree as to call for the inter-

¹ See *ECONOMIC JOURNAL* for September and December, 1911, and June, 1912.

² *ECONOMIC JOURNAL*, Vol. xiii., p. 62.

³ "Applications of Probabilities to Economics," *ECONOMIC JOURNAL*, June and September, 1910.

⁴ According to the plan proposed at the outset of this study, *ECONOMIC JOURNAL*, Vol. xxi., pp. 846-9.

vention of Government.¹ On considering Professor Pigou's theories, cited below, I am disposed to attach less importance, in pure theory at least, than I did to the limitation of land. Still, I should not venture to describe as erroneous or imaginary a distinction sanctioned by high authorities.²

Graphical Representation of Cost.—Under my first heading I sought to appreciate the importance in railway economics of that much-talked-of attribute "increasing returns." The relations between cost of production and quantity produced present such a variety of aspects as almost to defy the subtlety of speech, even when rendered precise by mathematical conceptions. Similar shapes designated by the same name, a supply-curve, are often employed in a misleading manner with reference to quite different circumstances. For instance, it may make all the difference whether we are considering (*a*) long periods, or (*α*) short ones; (*b*) the presence, or (*β*) the absence, of what Dr. Marshall calls "external economies" (*c*) collective cost, or (*γ*) that which pertains to a single individual (or constituent group); (*d*) the *régime* of competition, or (*δ*) that of monopoly; (*e*) the remuneration of the entrepreneur as included in the cost of production, or (*ε*) as a residue distinguished from the entrepreneur's expenditure. There is a less mistakeable division between (*z*) the use of one of the co-ordinates to represent *price*, the construction which Dr. Marshall has made familiar, and (*ζ*) the use of one co-ordinate to represent the total amount of money demanded in exchange for the amount of product represented by the other co-ordinate.³ There is a certain correlation between (corresponding members of) several of these dichotomies; and it is therefore the less surprising that throughout Professor Pigou should have adopted the positive and I the negative attribute. The supply-curves which he employs are mostly of the type *abcdez*; while mine are primarily of the type *αβγδεζ*. It is not to be expected, therefore, that there should be a close similarity between our representations. But I am concerned to show that there is no essential discrepancy.

For the purpose of instituting a comparison I construct in Fig. 1 a supply-curve of the type above distinguished as *z*; and

¹ See Colson, *Cours d'Economie Politique*, (deuxième édition), liv. i., p. 148, liv. iv., p. 200, and liv. vi. *passim*.

² Cp. Pigou, *op. cit.*, pp. 246-7.

³ The *ζ* system is used by Mr. Flux in the *ECONOMIC JOURNAL*, Vol. xv., and commented on by the present writer, Vol. xvii. It is not quite identical with, being less general than, Dr. Marshall's curves of International Trade referred to in the *ECONOMIC JOURNAL*, Vol. xv., p. 69 and Vol. xviii, p. 541 *et seq.*

I transfer here a curve of the type ξ which I have employed in my Section 1.¹

For the present purpose it is not necessary to consider the simplest and most elementary transactions to which such curves may pertain: such transactions as international trade between two imaginary islands, or the bargain between ideal hunters of two different types—say white employers and black employees—

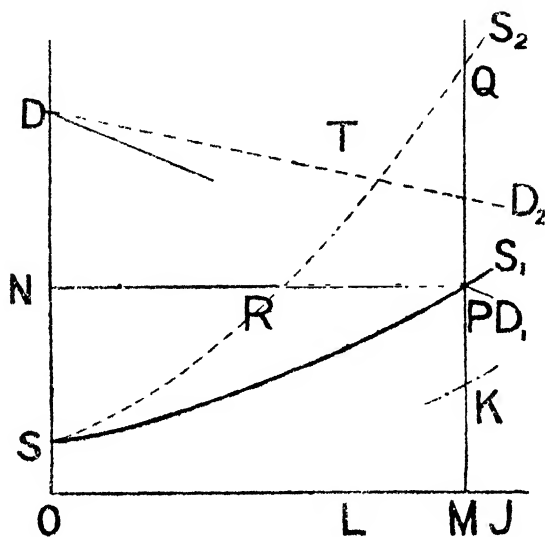


FIG. 1.

In Fig. 1 SS_2 is a parabola of which the equation is

$$Y = \frac{1}{4} (x + a)^2$$

whence

$$yx = \int_a^x Y da = \frac{1}{4} (a^2x + ax^2 + \frac{1}{3}x^3); \quad y = \frac{1}{4} (a^2 + ax + \frac{1}{3}x^2).$$

The unit in which x is measured is a (=one inch). Accordingly $MQ = 2.25$ inches; $MP = 1.1\frac{1}{2}$ inch. The demand-curve DD_1 passes through D at the vertical distance of 2 inches from O , and intersects the supply-curve at P . DD_1 is a right line of which the slope relatively to the vertical is $2/1\frac{1}{2}$. Accordingly the slope of the curve of marginal supply prices DD_2 is twice that slope. DD_2 intersects SS_2 at T ; nearer the origin than P as might be expected, the law of diminishing returns acting.

as to the distribution of their joint quarry.² The curves of type ϵ proper to such conceptions are not considered here. Let us rather suppose SS_1 as representing, agreeably to common usage, the amount x of, say, agricultural produce offered by a set of farmers using implements, employing workmen, and paying rent. If the increase of produce did not involve any sensible (additional)

¹ See p. 352. Vol. xxi., Fig. 1.

² Compare *Quarterly Journal of Economics* on the "Theory of Distribution," 1904.

production) of that increment of capital and that increment of land which the entrepreneur would take on if free to distribute an assigned increment of resources between the two uses.¹ Even where this freedom does not exist in reality, one factor of production as compared with the other varying *per saltum*, there is some theoretical advantage with a view to the problems which are before us in realising that the price of the product is theoretically not affected by the circumstance that the agents of production are or are not varied continuously.

Professor Pigou improves the familiar construction of the supply-curve by the addition of a new curve, that of "marginal supply prices," SS_2 in our Fig. 1. This curve is thus related to SS_1 . If the ordinate at any point of the abscissa, M , intersects SS_1 at P and SS_2 at Q , the area $OMQS$ is equal to the area $OMPN$.² But the area $OMPN$ represents the total expenses incident to the production of the quantity OM ; inclusive of rent (the area PSN) and of entrepreneur's remuneration, which by our convention is included in the area $OSPM$. Accordingly, the line MQ —or, more exactly, the little rectangle of which that line is the height and a (small) unit of produce is the base—represents the addition to the total cost incident to the production of an additional unit.

But, it will be asked, is not this the very definition of "marginal cost"? And have we not just seen that—however we manipulate the distinction between prime and general cost—the marginal cost incident to an increment of produce is OP ? How then can that incremental cost be OQ ? The answer is that both statements are true. The same predicate "marginal increment of cost" is truly coupled both with MP and with MQ ; if in the one proposition it is understood *simpliciter*, in the other proposition as the logicians say, *secundum quid*. For MP is the increment of cost consequent on an increment of production, the cost of production of the units of commodity other than this increment being supposed constant. That is, MP is the marginal cost from the point of view of the entrepreneur producing a small part of the aggregate output in a *régime* of competition. But MQ is the increment of cost consequent on an increment of production,

¹ See Pareto, *Cours d'Economie Politique*, § 718 (referring to § 100-1); and compare Marshall's analysis of the "supply price of a knife as the sum of the supply prices of its blade and handle."—*Principles of Economics*, Book V., Ch. VI., § 1; and his note on marginal product (with reference to J. A. Hobson's theories), *op. cit.*, p. 393, ed. 6.

² In symbols, if y is the ordinate of SS_1 , Y that of SS_2 ,

$$\int_a^x Y dx = xy.$$

the price of the produced commodity not being supposed constant.¹ Rather, account being taken of the circumstance that the price is such that if a sale could be effected at that price the expenses of production would just be covered, that covering price changes (in the case supposed, increases) with the amount produced. Accordingly, MQ might be described as the marginal increment of cost from the point of view of a monopolist.

In this connection mention may be made of another piece of mechanism due to Professor Pigou: the curve of "marginal demand prices."² The relation of this curve to the ordinary demand-curve may be shown as follows: Let DD_1 be the demand-curve in our figure intersecting the supply-curve at P ; DD_2 the curve of marginal demand prices. If the ordinate, not drawn on the figure, at any point on the abscissa, J , intersects DD_1 at D , and DD_2 at D_2 , the area OJD_1D is equal to the area of the rectangle of which the base is OJ and the height OD_2 .³ But the area OJD_1D represents the total utility, or, in Professor Pareto's less equivocal phrase, "opportunity" accruing to the customers from the quantity of commodity OJ (on the supposition of their obtaining it *gratis*). The corresponding money value is that which would be realised by a monopolist who practised discrimination of the kind defined by Professor Pigou as "ideal"—a conception which he has happily illustrated by the suggestion of a method whereby a monopolist of this particularly grasping type might conceivably touch the total value in question.⁴ Accordingly, a monopolist of this type would push production up to, but not beyond, the point at which the increment to the said total value is just equal to the increment of total cost, that is, the point at which the curves DD_2 and SS_2 intersect, the point T in the figure, or the point L on the abscissa corresponding thereto. A nobler use of the two new curves will presently appear.

¹ Let x ($=OM$) be the produce, p ($=MP$) the supply-price, or cost of production per unit, xp ($\therefore OMPN=OMQS$) the total cost. Then $MI' \left(\frac{d}{dx} \right) xp$ (p being treated as constant) $=p$; $MQ = \frac{d}{dx} xp$ (the complete differential) $=p + x \frac{dp}{dx}$.

² See ECONOMIC JOURNAL, Vol. x., "Producers' and Consumers' Surplus"

³ In symbols (corresponding to those used above with reference to supply) let y' be the ordinate of DD_1 , Y that of DD_2 . Then

$$\int_0^x y' dx = Yx.$$

In the figure, DD_1 is intended to be a straight line inclined to the axis of Y at an angle with tangent 1. Accordingly DD_2 is inclined to the vertical at an angle with twice that tangent.

⁴ ECONOMIC JOURNAL, Vol. xiv., p. 391: *Wealth and Welfare*, p. 203. See also, with reference to this kind of monopoly, ECONOMIC JOURNAL, Vol. xx., p. 453.

The moderately mathematical reader will have no difficulty in translating these constructions into the form which I have employed, above labelled ζ . The curve S_1 in Fig. 1 might be supposed to correspond to the curve PQR in Fig. 2, if we do not attend to the initial convex part of the latter curve, rather suppose it to start from O and be convex (to OZ) throughout. The abscissa OZ in Fig. 2 corresponding to OX in Fig. 1, the ordinate in Fig. 2 (e.g., a perpendicular let fall from R on OZ —not drawn in the figure) would correspond to the area $OMPS$ in Fig. 1. What line then in Fig. 2 corresponds to the area $OMQS$ in Fig. 1? It might be the ordinate of a certain curve derived from $OPQR$ in Fig. 2 which I have indicated as pertaining to the régime of competition,¹ the collective supply-curve (*Gesamtangebotscurve*) of Auspitz and Lieben.² Or rather, as we are not here explicitly representing the profits of the entrepreneur as varying with the amount of product, it is proper to take our curve PQR as the cost-curve (*Gesamtkostencurve*) with the interpretation (not that of Auspitz and Lieben) that the intersection of any right line drawn through the origin with that curve designates the amount offered at the price represented by the inclination of the line.³ With this interpretation the vertical distance defined by Auspitz and Lieben³ as the measure of Collective Utility (*Gemeinnutzen*) corresponds to the area DTS in our Figure 1.

I have given another construction in which the factors of production—in the case before us “capital” (= labour + implements + waiting) and land—appear as co-ordinates.⁴ Say the amount of the former factor is measured along the bottom of the page from the left corner, while the other factor is measured from the same point along the left side of the page. The cost κ of any two quantities of the factors (at prices supposed to be given) is measured downwards on an ordinate perpendicular to the plane of the paper. The corresponding amount of produce multiplied by its price (which the monopolist is free to vary), say ζ less by the cost κ , gives z , the quantity which it is the object of the monopolist to maximise. The construction is such that z

¹ Defined by me, *Economic Journal*, Vol. xxi., p. 358, and more fully by Auspitz and Lieben in their *Theorie des Preises*, p. 13.

² The construction ζ thus interpreted will I think correspond to that which Mr. Flux has employed in his paper on “Improvements and Rentability” (*Economic Journal*, Vol. xv); it being observed that he takes cost for the abscissa and product for the ordinate, as in our Figure 1 B of Section 2 (*Economic Journal*, Vol. xx., p. 35).

³ *Op. cit.*, p. 370.

⁴ See *Economic Journal*, Vol. xi., p. 365.

is measured upwards from the plane of the paper. In seeking this maximum the monopolist entrepreneur will describe a path on the plane of xy ; which will be a broken sort of path in case one of the factors, such as land, comparatively with the other is varied *per saltum*. This construction is applicable to a *régime* of competition with a little modification. We may suppose different entrepreneurs to move by different paths in seeking each the maximum of the z pertaining to him. The height of the average z may be regarded as small or null; rather in deference to fact than as required by theory.¹ Each entrepreneur ever strives to make his z as great as possible. So each golfer in every match strives to make the difference between his score and "bogey" augmented by his handicap, as small as possible; though on an average, in well regulated golf links, probably the difference between the score and (bogey + handicap) is zero, or rather - having regard to very bad players - on the wrong side of zero. •

So far we have supposed the curve of marginal supply prices to be ascending. Now let us consider a descending curve of the sort such as SB in Fig. 3 (see p. 210). If we retain the supposition that the collective supply-curve is formed by simple addition from the dispositions of the individual entrepreneurs, the supply-curve SS' derived from SB (according to the rule above given) will be insignificant in a *régime* of competition. For it represents only that amount of production which at any assigned price affords to entrepreneurs a *minimum* of profit--a position of unstable equilibrium. But in a *régime* of monopoly it might well happen in the case represented that production might be stable at any point between O and O' .²

In order that the descending supply-curve may be significant in a *régime* of competition it must receive a different interpretation. The height MP now denotes as before the price at which the quantity OM is evoked³ in a state of industry adapted to that scale of production. But what corresponds to the curve SS_1 of Fig. 1 in our first example, considered as representing the sum of the amounts offered by each entrepreneur at any (one) assigned price, is a quite different curve from SS_1 of Fig. 3, an ascending curve, the "short-period" supply-curve. It is here represented by a right line--in the neighbourhood at least

¹ On the theoretical point, see *Scientia*, Vol. vii. (1910), p. 92, and references there given. As to the facts almost all that is known I believe is well presented by Ashley in the *Economic Journal*, Vol. xx., p. 350.

² As noticed (with reference to the curve there employed) *Economic Journal*, Vol. xxi., p. 361.

³ Defined more exactly by Professor Pigou, *Economic Journal*, Vol. x., p. 358.

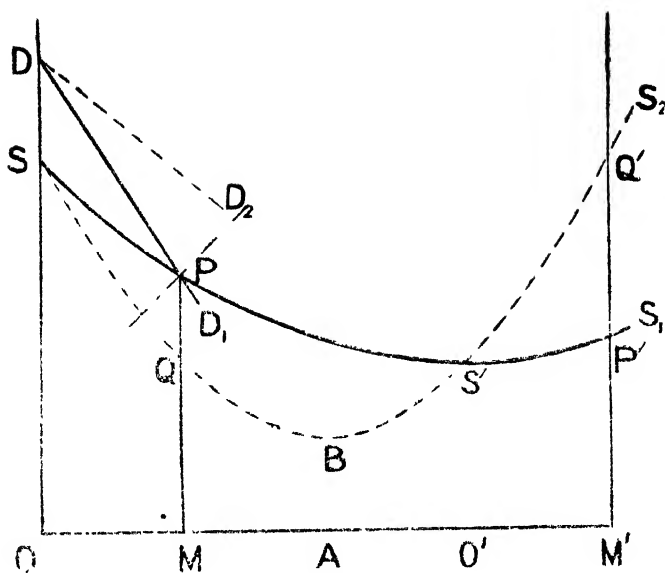


FIG. 3.

In Fig. 3 the curve of marginal supply prices $SPS'S_2$ is a parabola with vertical axis and apex at B . If $AB = b$, $OA = 2a$, $OS = 2a^2 + b$; the equation of the curve referred to O as origin is

$$Y = b + \frac{1}{2}(x - 2a)^2$$

From this the expression for y the ordinate of the supply-curve is obtained by putting

$$y = \int Y dx = bx + \frac{1}{6}(x - a)^3 + 2a^2x.$$

Whence $y = b + 2a^2x - ax + \frac{1}{6}a^3$. There is a minimum of y at the point of intersection S' between the two curves. This property is general; since

$$Y = \frac{d}{dx}y \quad y = x \frac{dy}{dx};$$

and accordingly when $Y = y$, $\frac{dy}{dx} = 0$. In order to construct a simple system of short period supply-curves, formed by right lines with a positive slope of 45° (Cp. *Economic Journal*, Vol. XV., p. 68), put

$$y \equiv x + \psi(x);$$

where $\psi(x) = b + 2a^2x - ax + \frac{1}{6}a^3 - x$. Then for the equation to any line of the family, we have

$$y = x + \psi(x'),$$

where x' is the abscissa of any point on the curve $SS'S_2$. For instance, when $x' = a (= OM)$, $\psi(x') = b + \frac{1}{6}a^3 - a$; and accordingly the equation of the corresponding line is

$$y = (b + \frac{1}{6}a^3) = x - a;$$

the equation of a line passing through P , the broken line in Fig. 3. In the figure the unit a is taken as three-quarters of an inch, and b is taken to be half an inch. Accordingly, $OS (= M'Q') = 2$ inches. The demand-curve is a right DD_1 starting from the point D which is at the height 2.5 above the origin. This demand-curve intersects the supply curve at P of which the height is $1\frac{3}{4}$ inches. The slope of DD_1 with reference to the vertical is $\frac{3}{4}$. Accordingly that of DD_2 is $\frac{1}{4}$. The intersection of DD_2 with SS_2 (not shown in the figure) is at a greater horizontal distance than P from the origin; as might be expected, the law of increasing returns acting.

of any point P on the supply-curve, for it may be supposed lower down to twist and cut the axis OY near O . The construction is explained in my review of Mr. Cunynghame's *Geometrical Political Economy* in the *ECONOMIC JOURNAL* for 1905 (pp. 66-68). For the sake of convenience I virtually made the assumption which Professor Pigou has made on perhaps other grounds, that "the price at which anybody supplies a given quantity of commodity is made up by the addition of two parts, one depending on the quantity that the person himself supplies, and the other upon the quantity that the whole market collectively supplies."¹ The ascending part of the supply-curve SS_1 is similarly to be interpreted, and not as the curve SS_1 in Fig. 1.

As in the case represented by Fig. 1 we may here derive from the demand-curve DD_1 the curve of marginal demand prices DD_2 . As there, the intersection of DD_2 with SS_2 determines the maximum of Producers' + Consumers' Surplus, not subject to the condition that prices are assigned by competition. It might be described as the aim of a monopolist, but now a monopolist of a very peculiar kind, a monarch of enlightened benevolence who, surveying the vast plexus of transactions throughout the community, would wish the terms to be altered in such wise as to increase (the money-measure of) the aggregate of satisfactions. This maximum of satisfaction thus aimed at transcends that which is attained by *laissez-faire*, the $H - V$ of Dr. Marshall's deep mathematical note xiv. The latter might be compared to the state of health and efficiency resulting from the practice of what is natural and habitual in diet and therapeutics. An arbitrary departure from that practice based on a mere association of ideas, like the mediæval *similia similibus*, may be compared to crude Protectionism, as likely to do harm. But we are not thereby forbidden to depart from what is called natural, in a direction pointed out by science. One of the directions in which it may prove possible to improve on *laissez-faire* is afforded by Professor Pigou's doctrine supplementing that of Dr. Marshall with respect to the "limitations of the abstract doctrine of maximum satisfaction."² The new and less abstract maximum, $H' - V'$, as we may call it, transcends the state of unrestricted competition of which it is sometimes said by mathematical hedonists, and implied by practical free traders, that "this régime

¹ Pigou, *ECONOMIC JOURNAL*, Vol. xiii., p. 21; the reference to "demand" there made being omitted to suit my context.

² *Principles of Economics*, Book V., Ch. xiii., p. 467 *et seq.*; referred to by Professor Pigou in the *ECONOMIC JOURNAL*, Vol. xi., p. 366.

realises the maximum of satisfaction and the minimum of sacrifice for each of the co-exchangists."¹ To advance some way in the direction of $H' - V'$ may be better than to have attained $H - V$;² just as you are higher when half-way up Mont Blanc than on the top of Snowden.

Increasing Returns. I cannot claim to have anticipated this sublime use of the new curves.³ It is relevant here as bearing on a question which I have particularly considered, the signification of the term "increasing returns." In view of much tedious discussion in recent literature I sought to fix the meaning of that evasive term. I distinguished as "primary" and "secondary" two definitions respectively importing that an added dose of productive power increases (1) the marginal, or (2) the average produce. Among other considerations in favour of the primary definition, I remarked: "When we contemplate the working of a competitive *regime* as bearing on the interest of the community, from the point of view of the philosophic statesman, then we welcome the phenomenon of Increasing Return (or deprecate its contrary) as tending to (or from) some quantity which it is proposed to maximise. But the criterion of such a maximum is analogous to our *primary* conception."⁴ Now the point of view of this philosophic statesman is exactly that of the benevolent monarch whom we have just imagined—except that the view of the latter is assisted by the new implement which has just been described. Accordingly, I claim Professor Pigou's authority for my *primary* definition. To be sure, the denotation is generally the same for the two connotations: but not always, as we may see in Fig. 3, where the tract (of produce) AO' presents decreasing returns according to the first definition, but increasing according

¹ I quote from *Histoire des doctrines Economiques* (p. 636, ed. 2) of Gide and Rist, who are transcribing faithfully enough the doctrines of the mathematical economists.

² Compare Pigou, *Wealth and Welfare*, p. 106.

³ The system of co-ordinates here called ξ (above, p. 207) may be adapted as I have indicated (*Economic Journal*, Vol. xi., p. 359) to the system of long-period supply curve with intersecting short-period curves, proper to increasing returns in a competitive *regime*. The area DTS in Figs. 1 and 3 would then correspond to a line in a modified form of Fig. 2, the greatest vertical distance between two curves which are modifications of Auspitz and Lieben's Collective Cost and Collective Utility Curves; the distance measuring the total utility called by them *Gemeinnutzen*; (*op. cit.*, p. 370). But neither they, I think, nor I proposed to employ this conception for the purpose of contemplating the ideally best distribution of resources; for instance, that as between two classes of industries of the types pertaining to our Fig. 1 and Fig. 3 (Diminishing and Increasing Returns) it would be theoretically advantageous to diminish the output determined by *laissez-faire* in the former case and to increase it in the latter.

⁴ *Economic Journal*, Vol. xi., p. 359.

to the second. My interpretation is confirmed by Professor Pigou's use of terms in the important passage, too long to quote in full, in *Wealth and Welfare*,¹ which resumes "the general analysis of distribution developed by Dr. Marshall." The "*law of diminishing returns to individual factors of production*," it is there said, "states that the increment of product due to the increase by a unit of any factor of production in any industrial field will in general be smaller, other things remaining the same, the greater is the supply of that factor already employed there." If I mistake not, a typical instance of this doctrine is afforded by our introductory lemma; when the land being considered as constant the "capital" laid out thereon is increased. As shown by the rise of the curve SS_1 (considered as a short-period supply-curve) in Fig. 1, the increment of product due to the increase by a unit of "capital" will be smaller (in the neighbourhood at least of the point of equilibrium) the greater the supply of that factor already employed. Assuredly, the law of diminishing returns which such a factor fulfils is diminishing returns in the primary sense. Professor Pigou evidently treats that as *the* sense of the term when he does not even notice that in the same circumstances *increasing* returns in the *secondary* sense *must* prevail—initially. Yet the term "increasing returns" is largely employed in such a case by the leading American writers on railway and general economics. One whom I shall often quote as not only the latest but also one of the greatest of them, thus expresses himself: "The law originates primarily in the fixed conditions attaching to the heavy capital investment—the fact, namely, that fixed charges up to a given point of saturation tend to remain constant absolutely: but become proportionately less as the volume of business expands. From this fact, therefore, rather than because of any marked economies of large-scale production, may it be affirmed that railroads offer a notable example of the law of increasing returns."² It is in virtue of this fact that "a railroad theoretically presents a clear example of an industry subject to the law of increasing returns."³

Joint Cost.—In the case of another important term, Joint Supply (and its synonyms), I am disposed to accept Professor Pigou's usage for the primary definition, while admitting as secondary the definitions sanctioned by the authority of railway experts. In the first section of this study I have given a general definition covering the cases included by the American writers;

¹ Part II., Ch. II., § 3.

² W. Z. Ripley, *Railroads* (1913), p. 99.

³ *Op. cit.*, p. 71 *et seq.* Cp. *Economic Journal*, Vol. xi., p. 370, last par.

but I place in a special category the cases excluded by Professor Pigou; for instance, "where the Joint Cost depends upon a quantity such as total weight or volume which is the sum of two or more items each pertaining to one of the joint products."¹ My typical example, clover and honey, fulfils, I think, Professor Pigou's definition that "two products are supplied jointly when a unit of investment expended upon increasing the normal output of one *necessarily* increases that of the other also."² This is not evident at first sight; for, of course, apiculture without clover seed would not result in an output of clover. Professor Taussig makes a very natural criticism when referring to Professor Pigou's example of joint cost, back loading, he remarks: "Now in back loading, as in other cases where 'discriminating' rates are made, it cannot be said that a railroad '*necessarily*' (I follow Professor Pigou's example in italicising the word) puts on the market a supply of one kind of service when it supplies another kind. There are always some separable expenses: For example, in the case of back loading there are the terminal expenses and the extra cost of hauling a loaded train over that of an empty one."³ Ninety-nine out of a hundred critics would probably endorse this criticism. And they would be justified in so far as ninety-nine out of a hundred writers might be supposed to use the phrase "increasing the normal output" as meaning no more than "increasing the output." But it is not to be supposed that the disciple and successor of Dr. Marshall employs the term "normal" as a merely decorative epithet. Professor Pigou has, I think, all along very properly used "output" as the output of something that is demanded, and has implied that the demand is not of an exceptional, perfectly inelastic, character. It follows that the output necessarily tends to be, and we may therefore say normally is, increased by the diminution of its marginal cost. Now a diminution in the marginal cost of producing a commodity such as the transportation of a back load is caused when new trains are put on—not merely to meet a temporary emergency, but as a permanent arrangement—to meet an increased *direct* traffic. But the marginal cost of an article transported by a returning "empty" is not similarly increased by another item in the back load. These statements are not affected by the existence of "terminal expenses" and the like.

¹ ECONOMIC JOURNAL, Vol. xi., p. 560. Compare the representation of Joint Cost at p. 460 of Vol. x.

² *Wealth and Welfare*, p. 215.

³ *Quarterly Journal of Economics*, Vol. xxvii. (1913), p. 380.

It were to be wished, perhaps, that Professor Pigou had expressed himself in terms less liable to misconstruction. But, in fact, it would not be easy to give a more unequivocal definition without making it either very long or very technical. For an explicit description which, I think, nearly covers the instances contemplated by Professor Pigou I again quote Professor Ripley :—

“Railroad expenditures, as Taussig clearly pointed out a number of years ago, afford a prime illustration of the production of several commodities by a single great plant simultaneously at joint and indistinguishable cost. The classical economists illustrated this law by the joint production of wool and mutton and of gas and coke. In both of these instances neither commodity could conceivably be produced alone. . . . The law of joint cost with reference to the production of transportation is somewhat different. Compare, for instance, the carriage by a railroad of thousands of passengers and different commodities in every direction, under varying conditions, singly or wholesale, slowly or by express, over a given set of rails every day; with the operation of a great refinery, producing simultaneously kerosene, gasolene, lubricating oils, and greases, as well as various odd chemicals. Both are examples of production at joint cost, but with various important contrasts. In the refinery all the costs are joint. All the processes are interlocked. Every increase in the output of kerosene produces *pari passu* an increase of the other commodities. On the railroad not all, but only a part of the costs are joint, in such manner as has been shown. For, from the joint portion of its plant—roadway rails and locomotives—the railroad may produce transportation of different sorts quite independently. It may choose to especially cultivate its passenger traffic or cotton or coal business.”¹

The “important contrasts” so clearly exhibited by Professor Ripley would not be materially affected if the increase of other commodities “*pari passu*” with kerosene required some special or separable expense: just as the output of copperas as a joint product with wire, which Professor Pigou by implication instances as a genuine case of joint supply,² requires some special cost for the erection of necessary sheds.

A short but technical definition may be based on the form of the (mathematical) *function* which expresses the relation between assigned quantities of several commodities, x , y , u , v , w , &c., and z , the cost of producing the whole set. Materials for the construction of such a definition may be found on a former page.³ There may be some doubt as to where the line should be drawn which separates the primary from the secondary definition of Joint Cost. But there can be no doubt that it should be drawn

¹ *Op. cit.*, p. 67.

² *Wealth and Welfare*, p. 229, note 1.

³ *ECONOMIC JOURNAL*, Vol. XI, p. 560

well above the case in which the total cost z is related to the quantities of the products simply as a *function* of their *sum*: that is, in the manner below indicated by a quotation from Professor Pigou. I apply the term "sum" to the addition of adjusted units (like those below supposed for pease and beans), ordinary (*e.g.*, avoidupois) units each multiplied by a proper coefficient corresponding to *special costs*.¹ The ground of the distinction lies herein, I think, that in the case of joint cost proper we cannot, and in other cases we can (theoretically), *predict* the relative charges for different commodities without regard to the demand for other commodities.

"*Cost of Service*" Principle.—But the question what is the proper or primary definition of the term Joint Cost is itself of secondary interest. Professor Pigou will perhaps allow the Americans to have their terminology if they will concede to him his propositions. The main issue, of far deeper importance than the definition of a word, is whether Professor Pigou is right in concluding that, in the regulation of railways, discrimination or the "value of service" principle should, after an initial—probably brief—stage, give place to the "cost of service" principle.²

First appearances, it must be admitted, are against Professor Pigou. Using terms in a strange sense, and accusing distinguished economists of common fallacies, he propounds a thesis contradicting the doctrine of the highest authorities on railway

¹ The bearing of Joint Cost proper on the power of predicting competitive price may be illustrated by supposing that normal equilibrium, after having been reached, is disturbed by a change in demand for each of two commodities; and observing the effect according as Joint Cost proper is absent or present. Let the cost, $z = F(T)$, where (1) $T = ax + by + cu + \dots$, and x, y, u, \dots are assigned quantities of the commodities designated X, Y, U, \dots . Then the respective prices, in competitive equilibrium, of the commodities X, Y, U are $F'(T)a, F'(T)b, F'(T)c, \dots$. Now let a change in the demand for X and Y occur. Then in general there will be a change in volume affecting cost. "Cost is unknown until volume is ascertained," as Professor Ripley well says (*loc. cit.*). But in the case before us the effect on price may well be small, if there are many commodities; the new set of prices being $F'(T + \Delta T)a, F'(T + \Delta T)b, \dots$. At any rate the *relative* prices, the ratios in which the total charge is distributed among the different commodities, are unchanged. (Compare Marshall, *Principles of Economics*, Mathematical Note, xvii., par. 1). Next (2) let $T = ax + 2hxy + by + cu + \dots$. Now when x and y are "interlocked," to borrow a phrase from Professor Ripley, the prices are no longer as independent of the quantities as before. The new price of X is now $F'(T + \Delta T)[a + 2h'y + \Delta y]$ and the new price of Y is $F'(T + \Delta T)[a + 2h(x + \Delta x)]$. It is evident that the prediction of the prices from the costs is not such a simple affair as before. Once more (3) let $T = ax^2 + by^2 + \dots$, or more generally $T = \phi(x) + \psi(y) + \chi(u)$. The disturbed price of each commodity will now involve, in a more disturbing manner than in case (1), the quantity of that commodity. But it will not do so in the same way as in (2). It is a nice question whether this case should be described as Joint Cost proper.

² *Wealth and Welfare*, p. 234, and context.

economics. What though in power of mathematical reasoning he wields a bow which few can bend! Does he not aim with it at the clouds? An airship, indeed, would seem to be just the object which he has in view. For his refined reasonings would be admittedly sound if all transportation was effected by flying-machines. For then presumably each flying-machine might be worked to the full for one kind of traffic only. The case would in this respect resemble that of those railways for which discrimination is not claimed, where "each has in the main its own expenses of operation as well as its own road-bed and other plant."¹ But, as it is, "the freight service of a railway comprises the carriage of all kinds of goods simultaneously from the most valuable high-priced commodities, such as silk and satins, down to lumber, coal, cement, and even sand"² The attribute of limitation in the supply of land, rejected by Professor Pigou,³ seems now to rise up against him. For it is partly on account of this limitation that a plurality of railways each worked to the full for one kind of traffic is unthinkable.

Such are the first appearances. But on reflection, in the light of the principles which have been above recalled, it will be discerned that if the flying-machines are perfectly competitive, no essential difference is introduced by their having mixed loads; supposing, with Professor Pigou, that "a unit of investment is responsible either for x units of one kind and y units of the other, or for $(x+h)$ units of the first kind and no units of the second, or for no units of the first kind and $(y+h)$ units of the second."⁴ Thus, in our introductory lemma,⁵ suppose that the produce in wheat is destined for different kinds of cakes and bread. The price of a unit of wheat for different destinations would still be the same. And if the same ground is equally suitable for pease and beans—joint effects in the way of rotation of crops being abstracted—then if the prime costs (in the sense explained) of (properly assigned) units of pease and beans are the same, the same will be the selling price for pease and beans of units (so assigned). The orthodox economist stating this familiar doctrine would not be put off by the affirmation that a great part of the cost was indeterminate, being joint for all the products in large part; that it is impossible to *allocate* the amount proper to each product. This objection might be made to Professor Wieser's

¹ Taussig, *Quarterly Journal of Economics*, Vol. xxvii., p. 379; and cp. p. 380.

² Ripley, *op. cit.*, p. 169.

³ Above, p. 207.

⁴ *Wealth and Welfare*, p. 218.

⁵ Above, p. 208 *et seq.*

doctrine of "imputation";¹ or to the pretension, censured by Mill, of assigning, in a philosophical sense, the amount due to each of two concurrent causes—like the blades of a pair of scissors. But *this* indeterminateness is quite consistent with the determination of value in exchange—proportioned to marginal cost—in a *régime* of perfect competition. But the prices so determined, according to the received theory, afford a maximum of advantage to producers and consumers. A similar maximum of advantage must be ascribed to the charges for mixed loads which would be adopted by airships conceived as sufficiently numerous to realise perfect competition. Railways, indeed, cannot be conceived so numerous as to bring about that scale of charges through the play of competition; but it is to be believed that maximum advantage would be attained if there could be imposed by authority in this case that proportion of charge to marginal cost which is known in other cases to have that desirable result.

I must confess to have countenanced an erroneous view in this matter. Concerned mainly with monopoly, I incidentally misstated a law of competition. I argued that in general a single undiscriminated price might be replaced by two (or more) discriminated prices with advantage both to the (monopolist) producer and the customer. For any value of monopolistic revenue or any value of customer's benefit assigned at random the maximum of advantage to the other party will be realised not by a unique price, but by discrimination. But I omitted to notice that the case in which the initial unique price (or the assigned amount of advantage to one party) is that which occurs in a *régime* of perfect competition is a particular limiting case of which the statement generally probable is known not to be true. The general reasoning breaks down when we suppose the initial (unique) price of two commodities to be equal to the (equal) marginal cost of each.² In this case if any neighbouring system

¹ Referred to by Marshall, *Principles of Economics*, p. 393 (ed. vi.), and unfavourably reviewed by the present writer in the *Economic Journal*, Vol. iv., p. 281.

² It was shown in a previous paper (*Economic Journal*, Vol. xx., p. 415 *et seq.*) that if b is the undiscriminated monopoly price of two articles (or species of the same article), $b(1 + \eta_1)b(1 + \eta_2)$ are any two discriminating prices in the neighbourhood of b ; then the curve representing that the Customers' Surplus (considered as a function of η_1 and η_2) is constant (the same as what it was when η_1 and η_2 each = 0) and the (likewise interpreted) curve of Constant Producers' Surplus *intersect*, in such wise that it is in general possible to adopt a system of discriminating prices which will be better both for the producer and the customer than the undiscriminated price b . It is supposed (in the absence of joint cost) that the cost of production is the sum of two costs each a function of (the amount of) one of the products (*loc. cit.*, p. 460); or more generally a function of the sum (or of a linear function) of the quantities produced (above, p. 220). The proposition remains true in general when by b

of discriminating prices be assumed, it will be the interest of one or both parties to return to the unique price.

I subscribe, then, to Professor Pigou's thesis; but with two considerable reservations, pointed out by Professor Pigou himself.

Firstly, if a railway cannot be made to pay with rates and fares assigned on the principle of cost of service, it is better that it should practise discrimination than that it should not exist. More generally, let it be supposed possible to operate the railways of a country so that the marginal cost of each ton-mile is the same. Then the maximum of the type $II - V$ is attained. But it may be better to pursue the type $II' - V'$ by employing discrimination so as to increase the output of transport for which the demand is very extensible, and where the advantages of increasing returns are thereby secured. It might be one of the exceptions to the general rule that there should be equality of "marginal net products" in order to secure maximum satisfaction.¹ No doubt the conditions are *a priori* improbable.² But there is specific evidence of high authority for their existence; so far as we may thus interpret the dicta of the experts, such as "Much of this business is made possible only by special rates adapted to the case in hand. A higher rate . . . would kill the business." "To compel each of these classes of goods [silk and satin, . . . cement, and even sand] to bear its proportionate share of the cost of carriage would at once preclude the possibility of transporting low-priced goods at all."³ The testimony of high authorities would, no doubt, carry even greater weight if it should be repeated with a full recognition of the *a priori* improbability to which Professor Pigou has called attention.

Secondly, let it be granted that the cost of service principle, the system of charges which would be realised by perfect competition, is ideally the best. Yet with regard to a system so complex, how can we ascertain in the absence of competition what charges would be fixed by competition? The attempts to do so for railway we understand not only the monopoly price, but any unique price for the two articles. But in the *particular* case when the marginal cost of producing the amounts saleable at the unique price b is just equal to b the proposition breaks down; the curves do not intersect, but *touch* at the point ($\eta_1 = 0$ $\eta_2 = 0$), in such wise that it is not possible to move off from that point in a direction advantageous to both parties. It should be observed that the existence of a *maximum* at this point is not inconsistent with the possibility that some other point represents *greater* advantage both to producer and customers, as suggested in the text (p. 215).

¹ Cp. *Wealth and Welfare*, p. 107.

² *Op. cit.*, p. 211 *et seq.*

³ Ripley, *Railroads*, pp. 152, 168 *et passim*. The *dynamic* use of discrimination claimed by Professor Ripley would, I think, be admitted by Professor Pigou as pertaining to an initial stage (*op. cit.*, p. 234).

rates have often proved ludicrous. They remind one of the pretension sometimes made by politicians to tell us what some dead chief—Mr. Gladstone or Lord Beaconsfield—would have thought about a measure which was never before them. The defunct authority ought at most to be invoked only to sanction a general line of policy, not to furnish details such as, say, the items of a tariff. As Professor Pigou says: "It is plain that anything in the nature of exact imitation of simple competition is almost impossible to attain" . . . "A considerable gap between the ideal and the actual is likely to remain."¹

The impracticability of the cost of service principle seems to be largely the ground on which it is dethroned by leading economists from the sovereignty which it might otherwise claim. Professor Ripley begins: "There can be no question that for an indispensable public service like transportation, conducted under monopolistic conditions, the ideal system of charges would be to ascertain the cost of each service rendered and to allow a reasonable margin of profit over and above this amount."² But he goes on, in view of the difficulty of ascertaining those charges, to attribute a position of collateral supremacy to the principle of value of service: "Two general theories governing the rates chargeable by railways are entertained, known respectively as cost of service and value of service. . . . Neither of these views [pertaining to the two theories] is entirely sound by itself. Both have large elements of truth in them. Each qualifies the other."³ "Our final conclusion then must be this: That both principles are of equal importance, and that both must be continually invoked as a check upon each other."⁴

These dicta no doubt embody the highest practical wisdom. And it is perhaps vain to desiderate that the limits of these practical principles should be defined more closely by reference to the more general conditions of welfare, the "equality of marginal net products," or the still more ideal principle that the money measure of economic satisfactions should be as great as possible.

Theory of Limited Monopoly.—Nor do I attempt here to formulate the relation between the cost of service principle and the mixed modes of monopoly which are discussed in my second section. Suffice it to submit that in the present state of scientific opinion about the subject those discussions seem not otiose. In this part of the work I have obtained support from the adjacency of Professor Pigou's constructions at two points. First, he lends

¹ *Op. cit.*, p. 265 *et seq.*

⁴ *Op. cit.*, pp. 166, 167.

² *Op. cit.*, p. 168.

³ *Op. cit.*, p. 184.

countenance to the use of a right line for the demand-curve as a device for exploring the probabilities of more concrete cases; though he himself seems to use the construction chiefly for the sake of convenience.¹ I am fortified in the assumption that the right line may be provisionally taken as the type of the demand-curve pertaining to the customers of a railway company.² I am therefore confirmed in the deduction that discrimination accompanied with a moderate control is likely to be better, both for the customers and the monopolist, than monopoly forbidden to discriminate.³

In this and other theories I have largely employed a sort of Probability which has been described in this journal as *a priori*,⁴ and elsewhere perhaps more unequivocally as "unverified." This species of probable inference bears to the more solid parts of statistics and economics a relation something like that which Adam Smith has pointed out⁵ between literary and mathematical compositions. The authors of the latter kind, he says, "may have the most perfect assurance both of the truth and importance of their discoveries; and accordingly they are, much more than the others, "indifferent about the reception which they may meet from the public."⁶ Now the unverified or non-statistical part of Probabilities, though it is but common sense reduced to formula, yet is not so commonly recognised, not so obviously objective, but that those who employ it should desiderate the approbation of good authorities. This sort of confirmation is largely afforded by Professor Pigou, who employs this sort of inference repeatedly and with respect to the most momentous interests.⁶

The problem in my second section, which comes nearest to

¹ Once at least to show that as there is nothing knowable in this simple case, "our ignorance would not be lightened" by abandoning the assumption of linearity (p. 107).

² But the claim which I have made in favour of the right line that it is intermediate between the convexity predicated by Dupuit and the concavity predicated by Professor Pigou (ECONOMIC JOURNAL, Vol. xxiii., p. 65) must be retracted. It was based on a misinterpretation of Professor Pigou's doctrine concerning the *third* differential of utility (*Industrial Peace*, p. 70). I forgot that the theorem related not to a particular commodity, such as railway service, but to money income, being in fact an improved version of what I had myself (ECONOMIC JOURNAL, Vol. vii., p. 559) described as "the circumstance that as the income is increased by equal increments the differences between the successive increments of utility become less." My misapplication of the doctrine was facilitated by a misprint in Professor Pigou's statement of it.

³ ECONOMIC JOURNAL, Vol. xxii., p. 200.

⁴ ECONOMIC JOURNAL, Vol. xx., pp. 287, 459, 463 *et passim*. Article on "Probability" in the *Encyclopædia Britannica* (11th edition), Section I.

⁵ *Theory of Moral Sentiments*, Part III, Ch. 2.

⁶ As I have pointed out, ECONOMIC JOURNAL, Vol. xvi., *loc. cit.*

one of those which Professor Pigou has handled, is that which relates to the effects of discrimination in a *régime* of monopoly.¹ Supposing with him that the law of demand is linear, and that the law of constant return holds, I find with him that the monopolist will produce the same quantity after discrimination as before.² But I have not attended particularly to the alteration of the output; which, as pointed out by Professor Pigou, has not the significance in a *régime* of monopoly which it has in one of competition.³ He uses it here only as a stepping-stone towards a *quaesitum* which I have sought more directly.

The only other remark which seems called for in connection with the problems in my second section is that they are not open to the criticism which has lately been directed against Professor Pigou as one "trained in the mathematical school," and accordingly applying a well-rounded theory of monopoly which does not take account of the *incompleteness* characterising monopoly in the concrete.⁴ My conception of a monopolist seeking a maximum of gain, *subject to limitations* imposed by the threat of competition, by public spirit (or State control), admits, I think, of *degrees* much clearer than the expressions commonly employed in a similar connection, such as "equal sacrifice," or "not charging what the traffic will not bear."⁵ Not that I mean to endorse the criticism as applicable to Professor Pigou. A sense of continuity is not likely to be wanting in the follower of him whose motto is *Natura non facit saltum*.

F. Y. EDGEWORTH

¹ *Wealth and Welfare*, p. 210

² From the equations indicated at p. 446 *et seq.* in the *Economic Journal*, Vol. xx., it appears that if ξ'_1 and ξ'_2 are the proportional deviations of the output in consequence of discrimination from what it was before discrimination

$$\xi'_1 + \xi'_2 = - (1 + \beta)\eta'_1 - (1 - \beta)\eta'_2 = 0,$$

$$\text{since } \eta'_1 = -\frac{1}{2}\beta/(1 + \beta), \quad \eta'_2 = +\frac{1}{2}\beta/(1 - \beta).$$

³ *Loc. cit.*, § 17.

⁴ *Quarterly Journal of Economics*, Vol. xxvii. (1913), p. 384.

⁵ See Sect. 2, p. 216 (*Economic Journal*, Vol. xxii.) *et passim*.

REVIEWS

English Local Government: the Story of the King's Highway.

By SIDNEY AND BEATRICE WEBB. (Longmans. 1913. Pp. x+279. Price 7s. 6d.)

STUDENTS of English Local Government, in common with the community at large who suffer from the defects of that Government, though they may not study either their causes or their cure, owe to Mr. and Mrs. Sidney Webb, to whom they already owe so much, a new debt of gratitude for the *Story of the King's Highway*. The story is well told. The lessons to be drawn from it are clearly brought out, not in a spirit of dogmatism, but by skillful presentment of such facts and considerations as are essential for a true understanding of the road problems, which for centuries baffled our forefathers, and some of which remain to puzzle the reformer of to-day. The book contains a great mass of material; an exposition of a very complicated and little-known branch of law; a collection of facts of great historical and antiquarian interest; and a scientific study of most important questions affecting the organisation and administration of government, which, after many centuries of intermittent neglect and spasmodic effort, are still in great part unsolved. And the authors succeed in weaving the whole into a story possessing almost the fascination of romance; not, indeed, one of the breathless romances of to-day, but one of the leisurely eighteenth-century kind, such as delighted Sir Walter Scott's old friend, who knew that, even if she went to sleep during the reading, the conversation in the cedar-parlour would still be going on when she woke up.

Nine chapters are devoted to the past, and one short chapter to the present and future. The conclusions as to "what is to-day required in the organisation of our highways" are contained in one or two short paragraphs at the end of the book. This allocation of space is more easy to justify than would appear at first sight. The true direction of reform for what remains to be

reformed is made abundantly clear by a study of the failures, the record of which forms the bulk of the story. Indeed, the book might have had a second title, "Muddling Through." The whole history is one long story of failure—failure of central organisation, failure of local administration, failure to provide funds for decent maintenance, failure to put the financial burden on the right backs, failure to make even a tolerably satisfactory use of the money that was spent. And yet, spite of all these failures, which no one who reads the history can deny, in the year 1913 the King's Highway in England passes over what are unquestionably the best roads in the world.

How did we get them? The question is more easily asked than answered. The materials for an answer are mainly wanting. But this much at least is clear. The original conception of a road—its legal conception still—was not a strip of land, with definite boundaries and a specially prepared surface, but merely a "right of way enjoyed by the public at large along a certain customary course." In early British times the roads were certainly of this latter kind, and the Ridgeway along the top of the Berkshire Downs, above the Vale of the White Horse, remains to this day as an example. Then came the Romans, and built roads in the modern sense all over the country. The bulk of them are in use to-day, and on the most famous of all, the Watling Street, the Roman pavement was actually *in situ* near Atherstone within the memory of men still living. But here and there, as on the line of the Fosseway, near Leamington, or on the Ermin Street, near Epsom, which Lord Rosebery lately reintroduced to the notice of the public, they have practically dropped out of use, and have ceased to be highways except in the legal sense. If we are to understand rightly the story of the King's Highway, we must think of it, right through English history down to the eighteenth century, not as a metalled carriage-way, but as a route for public passage in a definite direction, of indefinite width, however, with a legal right for passengers, if the road were "foundrous," to diverge from it even to the extent of "going upon the corn": a route which crossed rivers mainly by fords, and only occasionally by bridges; and a route intended, not for wheeled vehicles, but for pedestrians, horses, and other animals. The famous *trinoda necessitas*, which imposed upon the landowner in feudal times the obligation to maintain the road, was not an obligation to put down a tarred macadam surface with a steam-roller, but merely to cut the brushwood and stub the stumps that impeded free passage.

The story of the King's Highway develops along two parallel lines, the one regarding the physical entity of the road, the other the legal, financial and administrative machinery for its maintenance and repair. To deal with the physical side first, the startling thing about it is to find how exceedingly modern is the modern road. In 1736 Lord Hervey wrote from Kensington that "the road between this place and London is grown so infamously bad that we live here in the same solitude as we should do, if cast on a rock in the middle of the ocean, and all the Londoners tell us that there is between them and us an impassable gulf of mud." And even forty years later, on the great main roads of the country, Arthur Young's *Journeys* records defects such as "rutts, which I actually measured, four feet deep, floating with mud only from a wet summer; what therefore must it be after a winter?" He describes the turnpike to Newcastle as "a paved causeway, as narrow as can be conceived, and cut into perpetual holes, some of them two feet deep. . . . I must in general advise all who travel on any business but absolute necessity to avoid any journey further north than Newcastle." This latter road was, be it observed, a turnpike! Mr. and Mrs. Webb give abundant reasons for dispelling the common belief that a turnpike road meant a good road. Much of the money collected by the Turnpike Trusts was wasted in process of collection, and much of what remained was either muddled away or actually embezzled. The turnpike roads never amounted to more than 25 per cent. of the total. But bad as these were, the parish roads were even worse. As for the central Government, it did practically nothing. Telford's Holyhead road is the one conspicuous exception; though in Scotland General Wade did build roads on a considerable scale, the landowners, it is interesting to note, paying half the cost.

Physical and administrative considerations are alike involved in the century-long struggle which even yet is not terminated: whether the road should be made to suit the traffic, or the traffic should be restricted to suit the road. The London Borough Councils, who desire to prohibit motor omnibuses because their roads are not strong enough to bear them, have their prototype in James I. forbidding "any four wheeled vehicles, or the carriage of more than one ton of goods at a time, as the vehicles bearing 'excessive burdens' so galled the highways, and the very foundations of bridges, that they were public nuisances." Act after Act regulates the number of horses to a vehicle, the width and height of the wheels, the minimum size of tyres—even to nineteen

inches in breadth—the spacing from front to back wheels, and so on, and so on. The introduction of stage coaches was met with a passionate protest that their use would enervate the hardy breed of horsemen. The introduction of hackney coaches into London was objected to as an unwarranted invasion of the secular rights of the watermen. Hardly had the coaches secured their footing than there fell upon them the “calamity of railways,” which in their turn were to ruin the fox covers, put a stop to the breeding of horses, and bankrupt the Turnpike Trusts. Then came the bicyclist, and the country police promptly prosecuted him for “scorching,” while the country gentleman denounced him as a “cad on castors.” The kaleidoscope shifts, and we find the railways complaining of the competition of motor cars on the open roads, and tramcars in the streets of the great towns and their suburbs. And so we come down to to-day, with the municipal tramway protesting against the competition of the company’s motor bus. And perhaps the aeroplane will supersede the motor bus. And then at length the road question will be at rest.

To turn to the administrative side. The history of turnpikes extends over a little more than two centuries. It began with a toll gate on the Great North road at Wadesmill, in Herts, under an Act of 1663; and it practically ends with the Local Government Act of 1888. But the bulk of the Turnpike Trusts—there were over 1,100 of them in all—were created in the latter half of the eighteenth century, and the early days of the nineteenth. They were essentially a makeshift, and to expect their success was to expect the impossible. Their constitution was preposterous. All the local somebodies—fifty or a hundred in number—were nominated under the Special Act as Trustees, and the great bulk of them never attended. They kept no proper form of accounts, and were responsible to nobody. They could not afford to pay for a competent surveyor, even had such men existed. They were at constant war with the inhabitants of their districts, from whom they often exacted exorbitant tolls for passage over a few hundred yards of road. Gradually they came to hand over their functions to contractors, who farmed the tolls for hundreds or even thousands of miles of turnpike. The contractors made fortunes. But the road maintenance was scamped; and those who had lent money to the Trusts not infrequently lost it. The road users complained that for the maximum of payment—the toll revenue at one time amounted to one and a half millions per annum—they obtained the minimum of benefit. Only where, near the Metropolis, or round some great local centre, such as

Bristol or Exeter, a single Trust succeeded in absorbing its smaller neighbours, and establishing an undertaking big enough to employ a competent surveyor—even the great Macadam himself, or his less-known son—were the results satisfactory.

The Turnpike Trusts had at least one advantage over the Common Law road authority, the Parish, in the fact that they could not be indicted for neglect of duty. Down to our own times, the Common Law has placed upon the Parish the obligation to maintain its roads. And if the Parish did not do its duty it was indicted and convicted with all due process of law, not unconnected with very considerable expense, at the Assizes. And, apart from the grotesque unfairness of requiring a hamlet on the route from Dover or Southampton to London to maintain the route for the great through traffic between these ports and the Metropolis, the Parish had no machinery for carrying out its legal duties. For centuries it could not levy a rate. The inhabitants were bound to give their personal services. Of course, an extra legal system of commutation sprang up; and influential persons who could best afford to pay got off cheapest. And, equally of course, the roads were inadequately maintained. Ruts, when they got more than four feet deep, were ploughed over—this method is being recommended as a modern improvement on the “dirt” roads of America to-day—or a cartload of stones was thrown into some exceptionally “foundrous” place. Naturally, the farmers did not see why they should make, at their own cost, roads, better than they needed themselves, for the sake of outsiders. At length statute labour died out, and the highway rate took its place. But it was reserved for our own generation to sink the Parish in a wider area, and to hand over the maintenance of roads to the Union and the District Council, and even, though in a degree varying widely from county to county, to the County itself. Doubtless this process of “maining,” as it is technically called, will be carried further in the immediate future.

But even this is not the end. The whole cost of road maintenance—subject to existing grants-in-aid from the central Government—now falls upon the owners and occupiers of real property. And if it be admitted that even now road users as such get off too lightly in comparison with owners of real property, and that with the rapid growth of motor traffic this is likely to be still more the case in future, some readjustment must be made. One school of reformers would follow the French example, and transform the great main roads of the country into *routes nationales*. The other school, to which, as might be expected,

Mr. and Mrs. Webb declare their adhesion, believe in central control and supervision, resting on the basis of central grants-in-aid on a generous scale.

The suggestions which Mr. and Mrs. Webb make for future legislation are on quite a modest scale. They think that some exceptional contribution towards the cost of highway maintenance should be levied on the owners of vehicles of an exceptional character. Probably the motor omnibus and the heavy commercial motor would both fall within this description, and perhaps also fast motor cars in excess of a certain weight. They suggest that grants from the Road Board should be available for the maintenance as well as the improvement of highways (either already "mained" or which should be "mained") maintained by County or County Borough Councils and the Councils of Boroughs and Urban Districts having more than 20,000 population, and that grants in aid of maintenance of important roads, "perhaps equal to 20 per cent. of the actual annual expenditure," should be made, the requisite funds being partly provided by means of a reasonable increase in licence duties and motor-spirit duties. This proposal, if it is meant to include the existing grants in aid, would hardly commend itself to highway authorities as adequate, as it would in many cases reduce the State aid now given to County Councils for their main-road expenditure. They suggest also that minor highway authorities should have power "voluntarily to cede their road administration to County Councils." But this power already exists under the Local Government Act, 1888, though it is largely ineffective, partly because the minor authorities are not willing to give up their power to keep the maintenance in their own hands, partly because a district road before being handed over to a County Council must be placed by the District Council "in proper repair and condition to the satisfaction of the County Council," and partly because County Councils are not under any obligation to "main" roads, and in most Counties are unwilling to do so. The suggestions of the authors are all in the right direction, but probably no satisfactory solution of the road problem will be reached until the promised readjustment of local and imperial taxation has been effected and a proper classification of roads has been made based on the character and amount of the traffic using them.

The road that Mr. and Mrs. Webb have led us has been long and devious, perhaps even occasionally "foundrous." But the ramble has been most interesting throughout. Perhaps in a second edition the authors will help us to answer a most interest-

ing question which they leave untouched: How during the latter part of the last century the farmers, recalcitrant all the time against unnecessary expenditure, yet came to transform the bye roads from the mere tracks, which apparently they were not more than two generations back, into excellent macadamised roads as we see them to-day.

GEORGE S. GIBB
W. M. ACWORTH

English Farming Past and Present. By ROWLAND E. PROTHERO.
(London: Longmans, Green. 1912. Pp. 504.)

WE have read books on English agriculture by the dozen: books by German professors and French doctors, by politicians, students in research and apologists for this view or that; and we have generally laid them down with the feeling that these people, honest folk, no doubt, and often learned do not understand our English agriculture and do not know our English countryside. Mr. Prothero is none of these. He combines the scholarship of Oxford with the insight that is born of business contact with the economy of agriculture. We can do no more than pick out some of the main threads of his comprehensive work, leaving to the masterly art of the author their combination in picturesque and yet solid narrative.

Mr. Prothero's critique of contemporary agricultural literature makes three things abundantly plain. The first is the fact of our constant indebtedness to the foreigner, a debt which in the nineteenth century we amply repaid. In the seventeenth century Samuel Hartlib (who, like Richard Arkwright, was something of a pirate), after noting the inferiority of English cheeses to those of Italy, France, and Holland, reproaches the English husbandman for his insularity. Sir Richard Weston (Cir. 1650) calls attention to the Flemish custom, unknown to him in England, of taking a farm "upon improvement," on the basis of a twenty-one years' lease, which provided that "whatsoever indifferent persons . . . should judge the farm to be improved at the end of his Lease, the Owner was to pay so much in value to the Tenant for his improving it" (p. 113). England arrived at this in 1883. It was by the skill of Vermuyden and his Dutchmen that the fens were drained in the days of the Commonwealth. The Inquisition drove valuable brains to England. Jethro Tull, who invented the first practical drill, had been impressed during his foreign travels "with the cultivation of vineyards in the south of France, where fre-

quent ploughings between parallel rows of vines not only cleared the land, but worked and stirred the food-beds of the plants until the vintage approached maturity" (p. 171). In the seventeenth century foreign breeds of horses were extensively imported: "so great was the admixture of blood that Bradley, writing in 1727, thinks the true bred English horse hardly exists" (p. 183). Weston, a refugee in Flanders during the Civil War, brought back the turnip, and was therefore accounted by Arthur Young "a greater benefactor than Newton" (p. 107). From the same country came the onion, the cabbage, and the potato. Neither men nor ideas nor capital were in those days immobile as between the nations.

In the second place, the progress of agricultural knowledge was uneven. Tusser and Fitzherbert carried agricultural science but a very little way further than Walter of Henley, the didactic steward of the manorial economy. What was new was their record of the social changes which were fast dissolving the frosted patchwork of English feudalism. Even in 1651 Hartlib offers the following prescription against the Rot: "Take serpents or (which is better) vipers, cut their heads and tayls off and dry the rest to powder. Mingle this powder with salt, and give a few grains of it so mingled now and then to your Horses and Sheep" (p. 111). But from Tull onwards there is no break in the progress of agricultural knowledge, in peace or in war (for Napoleon never got to England), in fine weather or in wet, in the halcyon days of high farming or through the grim economies forced on the last generation by the strain of American competition. One by one the natural sciences are placing the wealth of their discoveries at the service of agriculture. This continued and continuing progress of knowledge is a fact which might be remembered by theorists when they formulate a law or statement of tendencies in agriculture.

The third point is a simple fact of human nature, or illustration of the Law of the Division of Labour. "Albeit," says the Doctor in the Discourse on the Common Weal, "we labour not much with oure bodies as youe say, yet youe knowe we labour with oure myndes, more to the weaknyng of the same than by anie other bodily exercise we can doe. . . ." Truly study weakens the mind. Lecturers in Political Economy make poor directors of companies. Thomas Tusser, Richard Weston, Robert Bakewell, Arthur Young, all failed as practical farmers. Exceptionally, Ricardo made a fortune on the Stock Exchange, and then wrote good Political Economy.

Politics, economics, sociology (if there be such a thing), and law meet in the history of land tenure. In Chapter 2, "The Break-up of the Manor"; Chapter 3, "Farming for Profit"; Chapter 14, "The Rural Population"; Chapter 16, "Tithes" (a most valuable contribution in an obscure field); Chapter 19, "Conclusions," Mr. Prothero gives us in kaleidoscope the history of a little verb *tenere*, to hold. We should like here to ask him three questions for possible notice in the second edition which this book will doubtless soon reach. "For the first 140 years of the period (1189-1417), the lords of Berkeley steadily pursued the plan of converting customary tenancies and tenancies of newly enclosed lands into freehold of inheritance at fixed quit-rents which represented the rack-rents then current. . . . This family policy was, however, completely reversed by . . . Thomas, third Lord Berkeley (1326-61). Many hundreds of the freeholds created by his predecessors were repurchased and let at rack-rents" (p. 45). What exactly were these freeholds of inheritance? Challis, *Real Property* (p. 3), says "ancient quit-rents, which affect freehold lands held for a fee simple and are undoubted incidents of their tenure, still exist; but in practice these must be at least as old as the year 1290, in which year the statute of *Quia Emptores* made it thenceforward impossible for a subject to reserve a rent as incident to tenure only." Were there special circumstances which enabled the lords of Berkeley to create freeholds at quit-rents during the forty years after 1289? The second question is: How important were cottagers in mediæval times; are they in any sense the lineal ancestors of the modern labourer? "Beside the villeins, there were other orders of bondmen—such as . . . the bordars and cottars" (p. 22). "Cottagers, says Kent, who live at the sides of the common, generally neglect the advantage they have before them" (p. 305). A gap of six centuries separates these two quotations, and the cottager is not indexed elsewhere. The study of the manorial surveys seems to reveal little about them. Some cottagers are mentioned among the freeholders and some among the copyholders. Is it true that the class of cottager is irrelevant for purposes of law and even of rural economy, the great divisions being on the one hand between freeholders, leaseholders, and copyholders of different grades, and on the other hand between farmers and the employees of farmers, whether farm servants or labourers in the parish or labourers from outside? And again, after following up freeholds (not freeholders) to p. 150 we are then instructed to see *Landowners*. Turning for prefer-

ence to Yeomen, we read at the end of an instructive note (p. 296, note 4) : "The definite restriction of the word to farmer-owners is a comparatively modern usage belonging to the nineteenth century. See *Dictionary of Political Economy*, s.v. Yeoman." Again exercising the liberty of a critic we turn rather to Sir Thomas Smith, *De Republica Anglorum* (1565), who says (Lib. I. c. 23) that yeoman means one who "is a freeman borne English and may dispens of his owne free lande in yerely revenue to the summe of xls sterling." Now one remembers as a boy how quaintly the Reform Act of 1832 read : "In the counties the franchise hitherto confined to 40s. freeholders was given to £10 copyholders and £50 leaseholders." Why, one asked, this discrimination? Why, when men were buying and selling 40s. freeholds, did not the reforming Parliament extend the franchise to 40s. copyholders and £10 leaseholders? Is the explanation possibly this, that economic change from the sixteenth century onwards led to the emergence of so many people of the yeoman type, yet without the yeoman's freehold, that they had perforce to be allowed the name? Latimer's father, as Mr. Prothero reminds us, was a yeoman, but had no land of his own (p. 296, note 4). In 1832 Parliament tried to get level with the new situation, which was only four centuries old. That done, the yeoman could be restored to his original denomination, an occupying owner.

One supreme question overshadows every other in English agriculture, the question of Enclosure. Its literature grows yearly. Within the last two years we have had the impassioned protest of Mr. and Mrs. Hammond, the exact scholarship of Professor Gonner, the lively and inspiring research of Mr. Tawney. Mr. Prothero's verdict is that of a sympathetic judge versed in the economy of agriculture, with the cases of the county reporters at his finger's end. "It has been suggested," says he, "on the authority of passages in his tract on wastes, that Arthur Young learned to deplore his previous crusade against village farms, when he saw the effect of enclosures on rural life. What Young deplored was the loss of a golden opportunity for attaching land to the home of the cottager. But he never faltered in his conviction of the necessity of breaking up the open fields and dividing the commons" (p. 215). And again, "The divorce of the peasantry from the soil, and the extinction of commoners, open-field farmers, and eventually of small freeholders, was the heavy price which the nation paid for the supply of bread and meat to its manufacturing population" (p. 149).

The Corn Laws are now of historical interest only, the only

possible connection with modern times being furnished by the tradition of Imperial Preference, which, as Mr. Prothero observes (p. 273), was present in all the Corn Laws from 1791 onwards. Treating of their growth in England, our author says: "In 1670 the corn laws became more frankly protective" (p. 143). Seeing that to the end of the eighteenth century England was a wheat exporter, and that on occasions of scarcity the import duties, like the export bounties, were suspended—*e.g.*, in 1698, 1709, 1741, 1757–9—"protective" seems an unsuitable word. The import duties of 1670 were quite secondary to the regulation of exports in this period. "Fostering" was nearer their intention. Only after 1815 were the Corn Laws frankly protective, and that fact killed them in 1846. Of the Corn Bounty, Mr. Prothero writes p. 259): "In the reign of William and Mary an addition was made to the system"—to wit, a bounty of 5*s.* per quarter on home-grown wheat exported. This is not quite accurate. For, as an American writer, Mr. Gras, has shown, the first Corn Bounty lies buried in a money grant of 1673, and in 1683 John Houghton estimated that in all about £70,000 yearly was needed for the payment of corn export premiums. Its existence was not unknown to the Parliamentarians of the early nineteenth century. The Report from the Select Committee on the Agriculture of the United Kingdom, 1821 (p. 18), speaks of the bounty policy: "which, more desultory in its operation and more frequently interrupted by arbitrary interference, prevailed under the Princes of the House of Stuart." Speculations, therefore, as to the design of the Whigs in introducing this policy in 1689 require revision.

"The limit of home prices, at which the importation of grain was allowed at nominal duties, was raised in the case of wheat from 48*s.* in 1773 to 85*s.* in 1815. Below those limits, duties, so heavy as to be practically prohibitive, were levied on imported corn" (p. 273). 85 is a misprint for 80 (the figure being correctly given in Appendix III, on the Corn Laws, which contains also an account of the Assize of Bread). Moreover, there is a distinction between the Acts of 1773 and 1815. That of 1815 was not prohibitive, it was a prohibition. When the ports were closed no corn could come in, and there was no revenue at all. This was a breach in Corn Law tradition. When Robinson proposed it for the first time in the third draft of the measure which became the law of 1815, Alexander Baring, the member for Taunton, suggested that the Government proposed prohibition rather than a graduated duty, in order to catch at a little popularity, lest the idea of a duty upon corn should excite an outcry

(Hansard, XXX., 70). Robinson denied it, but gave no alternative explanation. Mr. Prothero next refers to the encouragement which the sticky sliding scale of 1828 gave to corn speculators, having in view, no doubt, Mr. David Salomons' pamphlet on the subject, and concludes: "Yet in spite of this experience the graduated system was maintained in the legislation of 1842 and 1845" (p. 273). But surely, if the Act of 1828 was sticky, that of 1815 was stickier still, and encouraged still further the holding up of supplies until free entry was obtained at the no-duty point. Peel's sliding scale, by its lower range and slighter changes, removed, and was designed to remove, the weaknesses of the scale of 1828.

It is something of a joke against economic historians that they expire about 1820, and in their death-song announce the consummation of the Industrial Revolution. To an economist Chapters 17 to 19 of Mr. Prothero's book are the most interesting of all, being full of new and recent matter. If so far we have been pacing through the centuries, now we begin to gallop. Change succeeds change. Depression is followed by prosperity, which is again followed by depression, which, in its turn, is painfully surmounted. Methods, markets, persons are challenged and reformed: the old gives place to the new. On this note we could wish to end, but there are two sentences in the conclusions (in which the author favours a peasant proprietary for England) which seem to ask for criticism. "The Small Holdings Act has provided a certain quantity of land. But its methods are so faulty that its operations are necessarily limited" (p. 415). Does none of the fault lie with landlords? We who belong to colleges in Oxford and Cambridge know something of the average landlord's feelings on the subject, and the farmer—who is the only person with a good cause for grumbling—has expressed his. If small holdings are to be discussed, they deserve a chapter to themselves, including, for example, an account of the successes that are being won in Cambridgeshire, as well as a criticism of the difficulties that are being experienced in some other parts. We could wish, too, to delete the last sentence of the book. "For the purpose of this enquiry"—Mr. Prothero is referring to the ascertainment of the bare unimproved value of agricultural land—"the Valuation now in progress would be only a costly farce if it were not also a serious injustice" (p. 418).

Injustice! The word brings us back to the tragedy which we had almost forgotten in our admiration of the gallant resistance made by British farmers during the recent prolonged

depression. How many copyholders and poor commoners must have gone to their graves with this word on their lips! Was not injustice most unjust when—as now—the law was on its side, when there was no longer a Court of Star Chamber to sit with unconstitutional promptness on encroaching landlords? A Parliament of landlords turned the argument from justice to necessity, and declared a peasant proprietary to be economically incapable of catering for an industrial England, but what shadow of a chance did it give to the peasants to try their hand? Are we to condemn the customary tenants for blindly resisting enclosures in the eighteenth century (in the fourteenth and fifteenth they often practised it among themselves) when enclosure meant exile or degradation? For what with doubtful titles and lawyers' fees, bills for quickset and new roads, enclosure meant to the small man nothing less than this. Sheep are good things, and turnips are good things, and both are better than foxes; but men are better than them all. If Coke saved England by the ploughshare, why might he not have saved it with the ploughshares of an organised peasantry? Or was the yeoman of Elizabethan England a myth, and was his representative at the beginning of the nineteenth century incapable of the things which the Danish peasants did half a century later, when they made themselves expert and specialised farmers, supplying the industrial population of England, Danish law and Danish Government assisting? But we are ourselves in danger of gliding into exaggeration, like Macaulay in his caricature of the English country squire. For there have been, and still are, many just and generous landlords in England. Times, however, are changing. Mr. Prothero pleads for a peasant proprietary. We echo his desire. Only the landlords of England can restore to sure success the peasantry they once dethroned. This restoration is the biggest call that England has ever made on the chivalry of her erstwhile rulers.

C. R. FAY

Troy: A Study in Homeric Geography. By WALTER LEAF, Litt.D. (Macmillan and Co.)

THE modern fashion of seeking for economic causes has led Mr. Leaf to write a very interesting book. Why was Troy so rich and important? M. Bérard's answer is well known. In early times navigation by sea was difficult and dangerous; consequently it was easier to carry goods over an isthmus than to round a promontory. Those who could hold the isthmus could

levy toll. Mycenæ, rich in gold, is the most obvious illustration of the "isthmus law." M. Bérard applied this law to Troy; but Troy is not on an isthmus; could it ever have been worth while to carry over from Besika Bay to the Hellespont? Mr. Leaf's theory, which is suggested by M. Bérard's, is, briefly, as follows: A current runs down the Hellespont from east to west. During the greater part of the year there are strong winds from the north or north-east; consequently small ships are often detained off the entrance to the Hellespont for a considerable period of time. Ancient ships, with jars (not galvanised iron tanks) could not carry much water. Therefore ships from Greece going to the Black Sea must get water at the entrance to the Hellespont to sustain their crews during the enforced delay. The only place where this can be done is at the mouth of the Scamander. Thus they who can hold the mouth of the Scamander can effectually block the Hellespont. This is what, in Mr. Leaf's view, the Trojans did, and prevented direct trade between Greece and the Black Sea ports. The result was an annual fair at Troy (King Priam taking heavy tolls); to this fair came traders along four well-marked trade routes, which are faithfully represented in the catalogue of the Trojan allies. At last the Greeks got tired of paying tolls and combined to smash the monopoly. These trade routes are as follows: First, by land from Europe north-west of Troy, from the river Axios through Thrace to the Hellespont; second, by sea from the ports on the south shore of the Black Sea; third, by land from Phrygia and Mysia; fourth, by sea from Lycia—probably to Assos in the southern Troad on the gulf of Adramyttium and then overland to Troy. Mr. Leaf traces these routes with learning and ingenuity, though it seems possible that the Pelasgians (Mr. Leaf has a separate chapter on these puzzling folk) from Larisa may have been allies from the Thracian route; but that question cannot be discussed here. If, then, Mr. Leaf is correct, we have four trade routes converging at Troy, apart from the trade from Greece. The excavations at Hissarlik have established a series of cities or fortresses on the same site; the sixth of these cities, with its great Mycenaean walls, is clearly Homer's Troy. But the earlier cities were also rich. Dr. Schliemann's gold treasure probably came from the second. After Homeric Troy, the town is never important except as a tourist resort (Alexander of Macedon and Julian the apostate were two of the tourists who visited post-Homeric Troy). A successful theory has to explain why Troy was of great importance in the second millennium B.C., but never afterwards. This is the

problem, and it is only fair to state Mr. Leaf's summary of his solution in his own words :—

“We see now why it was that Troy never recovered from its capture by the Achaians. . . . It was not the capture, but Greek colonisation, which destroyed Troy. It had one merit only—that it could block the Hellespont to the west. As soon as the west had taken possession of both shores of the Hellespont, Troy was for practical purposes useless.”

But, it may be asked, could not Trojans still have continued to levy toll on the Black Sea trade, just as till recent times the Danes at Elsinore levied toll on the Baltic trade? And why did not the Black Sea trader wish to trade direct to Greece? If so, he should have helped the Greeks, and not the Trojans. And was Greece always so united that it would not have paid some later Priam (before the era of moderately large ships with many oars) to start the blackmailing business again? Also, it could not matter much to the Thracians, who brought their wares to the Hellespont, whether they found Greeks or Trojans there so long as there was a good market. Yet Thracians fight for the Trojans. They may have been mercenaries, but what is the evidence that they were? These observations are only intended to indicate that the argument, as it stands, is too compressed. The main contention seems to be sound. The excessive wealth of Troy can hardly have been due to anything but blackmail—that is, the possession of some advantage of a monopolistic kind which enables the possessor to exact tolls far in excess of the services rendered. Such has probably at all times been the most potent method of acquiring great wealth. The power of causing great inconvenience is commonly more valuable than the power of rendering important services.

The book does not deal solely with economic causes and trade routes, but the other problems of great interest which Mr. Leaf attacks are not of a kind which would necessarily interest readers of this JOURNAL. Except for one most unfortunate phrase on p. 2, this book is not marred by the unfairness and rudeness which are too common amongst scholars when they discuss Homeric problems.

C. P. SANGER

Kapital und Kapitalzins: Positive Theorie des Kapitals. Dritte Auflage. Zweiter Halbband. Professor und Finanz-Minister E. VON BÖHM BAWERK. (Innsbruck : Wagner. 1912.)

THIS work on Capital and Interest has long been beyond need of laudations. In noticing Part II. of the new edition of the

constructive part of it, we deal simply with the various changes and supplements that have been made by the author after more than twenty years' endurance of European and American criticism. From stress of official duties he was unable to make alterations in the second edition (1902); but in due time he has found leisure to do justice to himself and work vengeance on his opponents in the third edition. Part I. of it appeared in 1909. Part II. is now before us.¹

The author has all his old energy. He seems to have mastered all that has been written directly, or even indirectly, bearing on his chosen subject. The articles and pamphlets and books thereon turned out by the Press of Europe and America year after year since 1889 (the date of his first edition) form a vast pile; and he has read it all and taken the heart out of it. Everything of interest and value on Interest and Value seems to be known to him. This makes the present book in its two parts not only the statement and defence of his own theory, but a history and digest of a great part of recent economic literature. He himself disclaims² approach to exhaustive history, and will have it that he has only dealt fully with a chosen few of the writings and authors. But his ideal of exhaustiveness is a very high one. He knows, indeed, that many will find it much too high, and he warns the general reader away from his "Excursus" as a food he cannot be expected to enjoy. Perhaps the Excursus will have the more delicious taste for the critics who find their own measure meted out to them again there without stint.

The text of the whole book (Parts I. and II. conjoined), as distinguished from the Excursus, has undergone four chief changes. The references to recent writings have distended the third section of Book I. to twice its original size; it is the section on conflicting definitions of capital (*Streit um den Kapitalbegriff*). A new section³ appears in Book II. on "An important parallel to the roundabout way of production by capital." The parallel is found in the improvements increasing the utility and lengthening the life of durable goods (like boots or houses), improvements involving greater outlay than before but with clear physical (or "technical") advantage and (under suitable conditions of the rate of interest) with economic also. The analogy, however, is not perfect.

¹ Notices in this JOURNAL of recent publications of the author appeared in June, 1900, *Strittige Fragen*; March, 1901, *Kapital und Kapitalzins—Geschichte und Kritik*, 2nd ed.; September, 1904, *Zinsliteratur in der Gegenwart*; December, 1910, *Kapital und Kapitalzins—Positive Theorie*, 3rd ed., Part I.

² Preface to 3rd ed., pp. xi, xv; cf. xiii.

³ Section II., pp. 162-171.

The foregoing changes are in Part I. The others are in Part II. There is a new subsection (ix.) of Book III., Section I., devoted to a summary (*Zusammenfassung*), and there is a Psychological Postscript (*Psychologisches Nachwort*), Subsection x., *ibid.*), both in connection with the theory of value. The fifth change is one of arrangement; all the sections on value are now in one Book, the third.

The summary is a careful re-statement of the cardinal principle of Final Utility, on which the whole edifice depends, and a classification of goods so estimated. The author declines to admit Final Disutility as a ground of separate classification (p. 310).

He admits that in a minority of cases the negative feature appears, and then the value of goods is estimated not by their positive contribution to welfare but by their aid in defecting harm. Some would say, the majority includes the cases where the goods bring pleasure, the minority where they prevent pain. But our author is careful to explain in this and the following section (the Psychological Postscript) that, if the phrases "pleasure" and "pain" are thought to commit him to Hedonism, he will have none of them. The Postscript seems very judicious. Many of us, at least, will agree that to bring psychological discussions into economics is to introduce disturbing elements there (*störende Fremdkörper*) (p. 327).

Nevertheless, in Excursus x. and xi. Professor Böhm Bawerk goes into some detail over psychology, in the tenth dealing almost entirely with Professor Cúhel and the quantitative measurableness of feelings; in the eleventh with Bentham and Jevons on future wants, "present anticipated feelings," as entering into estimates of present value. He leaves the exact influence of them an open question (p. 325), a happy hunting-ground for the psychologists, who are not agreed among themselves on the matter. He says in effect: "If I am told that as an economist I ought not to have raised the question at all, but relied on the ruling doctrine of the professional psychologists, I must reply that, alas! there is no ruling doctrine" (p. 326). Yet he sees we must have a working theory if, for example, we are to discuss such a motive as provision for the future. Lujo Brentano, who frankly calls this motive an exception, *sui generis*, ranking it as an actual present need (p. 330), is handled with unusual acrimony. The discussion of a kindred subject, Disutility, in Excursus ix., proceeds under a drier light. It is a very pretty quarrel. Jevons and Gossen had both remarked that stage by stage the pain of exertion tends to be greater than the pleasure of reward, and the workman, if free to do it, will stop just at the point where the utility and disutility,

the pleasure and the pain, balance one another. It is not Jevons, however, but Professor Edgeworth who introduces disutility broadly as a co-ordinate factor in the normal determination of value. Professor J. B. Clark would go even farther, and make it the predominant partner. But Professor Edgeworth avoids this extreme, and is even careful to except from co-ordination the cases where the workman is not free to stop, and labour is therefore not a variable. He remarks at the same time on the liberty of the labourer to change his calling if too disagreeable, and his power to stop when he pleases at piecework; and he holds that invariableness is a feature, not of the majority, but of the minority of cases. "The desire of diminishing disutility is one of the motives which bring about economic equilibrium." Still, he allows that the "disutility" is not the vulgar "cost of production"; and Professor Böhm Bawerk, with some reason, claims him as practically admitting that value does not correspond to the effort and sacrifice involved in production, when he admits that articles freely produced, in the conventional sense, are produced at fixed wages and in fixed hours of labour, where no "disutility" can come in at all. The whole question between the two economists is thus about the estimate of a quantity "not susceptible of exact measurement."¹ Professor Edgeworth is one of the critics who fare best in the conflict as a whole. He had made an impression on the text of the third book² by bringing out the drawbacks of typical examples (like horses) that are indivisible goods, and the advantage of those (like corn) that admit of "nicely calculated less and more."

The debate on Disutility, however, was an affair of outposts when compared with the battle in *Excursus viii.* over the relation of Cost and Value. Though our author admits that Jevons spoke too absolutely when he said, "Value depends entirely upon utility. The value of the labour must be determined by the value of the produce, not the value of the produce by that of the labour," it was substantially the very position that he himself maintains in this *Excursus* against Professor Marshall and Professor Schumpeter. The *Excursus (vii.)* on the theory of the value of "Complementary Goods" is more nearly a discussion among friends, Professor Wieser receiving the largest share of the criticism. Our author points out the danger of

¹ Prof. Edgeworth in *Economic Journal*, December, 1894, p. 724; cf. September, 1894, pp. 518-521, and 719-724.

² Section II., pp. 382-388 (3rd. ed.) See *Economic Journal*, June, 1892, pp. 333, 334.

treating the alternatives, in an estimate of final utility, cumulatively, as if to be arithmetically added together (pp. 186-190).

Readers of the first part of this third edition had already encountered in its Excursus (i. to v.) discussions akin to those that now meet us in Part II. in the formidable twelfth Excursus of nearly one hundred pages on the relation of Professor Böhm Bawerk's third reason for the different estimates of the value of present and future goods to the other two. The third was "the technical superiority of present goods over future" as means of production. Facing the inevitable risks of every attempt to put such a case in a nut-shell, we may put our author's view as follows:—The long way of production brings, as a physical result, a greater quantity of goods (it may be with a less value per unit, but with a larger sum-total of values) to him who adopts the long way now instead of procrastinating. Is a regard to this physical result to be taken as a distinct and third reason? Our author says: "Yes, to get *more* is not the same reason as to get *sooner*" (400 note). The first two reasons were: (1) the presumable difference between our wants of to-day, together with the means of providing for them to-day, and our wants of the future with the means of provision then; (2) the general human tendency to make light of the future. As it is Professor Böhm Bawerk's view that, if the productiveness of the longer way ceased to exist, the phenomenon of Interest would cease to be of much account (pp. 341, 400), he could hardly be expected to surrender even to such opponents as Professor Irving Fisher and Bortkiewicz, who deny the existence of the "technical superiority" and say the third reason depends on the other two. He presses them hard, and it will not be easy for them to meet some of his arguments.

Excursus xiii., the last but one of a controversial nature, relates to the attitude taken by Professor Cassel and Dr. Landry towards the author's view of Durable Goods as concerned with Interest. Professor Cassel's writings are well known in England. Dr. Landry is one of the few French writers who have pursued the same general direction as the Austrians, and he has already shown himself a writer of some authority.¹

It remains to be said that the last Excursus is one of the only two of the long series that are old friends, viz., the Reply to Dr. Robert Meyer on the "Exploitation theory of Interest," formerly Appendix II., now Excursus vi. (the last of Part I.), and the note

¹ His chief writings are *L'Intérêt du capital* (Giard, Paris), 1904; *L'utilité sociale de la propriété individuelle*, 1901.

on "the Amount of the Initial Fund necessary for entrance on a period of production of definite length," formerly Appendix I. now Excursus xiv., and last of the whole series.

The book is a remarkable achievement even for Professor Böhm Bawerk. The addition to the text of Dissertations on such a large scale is probably new in economic literature, though not completely unknown elsewhere. There are 652 pages of text and 473 pages of Excursus, "a book within a book" (434). The Excursus are the most piquant and novel feature. Such appendices as those of Professor Marshall's "Principles" play a different rôle. It may be doubted if the example of the Austrian professor will have many imitators: few, indeed, could follow his example with much prospect of finding readers. "The book requires a strong swimmer." But it will be read widely and prized highly by all serious students of economic theory.

JAMES BONAR

Elementary Principles of Economics. By IRVING FISHER, Professor of Political Economy in Yale University. (New York: The Macmillan Co. 1912. Pp. xvi+514.)

PROFESSOR FISHER does not give us in this book any fresh matter. Almost everything it contains has appeared before in one or other of his previous works—*Nature of Capital and Income*, *Theory of Value and Prices*, *Purchasing Power of Money*, and *Rate of Interest*. The present volume is little more than a combination of the more elementary parts of those books. This description might suggest a shapeless piece of work without coherence or unity of purpose. But the book is not in the least like this. It forms a perfectly organic whole; and it is remarkable how naturally and easily the various parts fall into their places as integral portions of a large scheme of economic analysis. It would seem that Professor Fisher has for many years had this general scheme in his mind, and that he has always conceived his other works essentially as developments of its definitely related parts. Certainly the book is entirely free from the ordinary faults of a compendium.

We commence, as is to be expected, with *The Nature of Capital and Income*. We are familiarised with Professor Fisher's definitions of Wealth, Property, Capital, and Income, and are duly introduced to the methods of "Balances" and "Couples," the nature of "Interactions" and the rest. After the "foundation-stones" are thus laid, the transition to the next part

is easy. A knowledge of prices has been assumed in the discussion of all the above conceptions. The determination of prices, therefore, next demands study ; and, before individual prices, the general level of prices. The substance of the Purchasing Power of Money is accordingly expounded at considerable length. Then follows a brief statement of the theory of value to account for the determination of particular prices. Next, the problem of interest finds a natural entrance ; and the book is finished off with a rather unsatisfactory section entitled "Distribution."

It is only necessary to say further with regard to the matter of the book that Professor Fisher hardly seems to justify the claim he makes in the Preface to have avoided "controversial matter." Many of his arguments, notably his explanation of Interest, acquire from compression a more rather than a less controversial character. And the criticisms which his works have encountered have generally been directed far more against the fundamental notions than against the elaborate developments which he omits from the present volume. English readers, too—familiar with Dr. Marshall's celebrated explanation—will regret that Professor Fisher has retained his singularly weak account of transitions in the price-level. He commences by assuming without argument that an increase in the quantity of gold "through the equation of exchange will cause a rise in prices," and then argues at length how that rise will provoke a further rise, then a reacting fall, and so on in a never-ending series ; thus showing neither how prices rise in the first instance, nor how ultimately that rise is sustained. But there is no purpose to be served in reopening here these old controversies : and further comment must bear upon the aspect of the book which is new, namely, its character as a whole, and its claim to the title of a text-book on *Elementary Principles of Economics*.

In this regard Professor Fisher claims the test of experience. This book has had "thorough trial for two years in the classrooms at Yale, under nearly a dozen different instructors." And these instructors "have usually become extremely enthusiastic over its 'teachableness,' although many of them had begun its use with grave misgivings." To confront this testimony of converted agnosticism with criticism of an *a priori* nature may savour of presumption ; so it will be well to say that the teachableness of the book is not in question. After all, any book by Professor Fisher would be teachable. The clear-cut vigour of his style would secure that, if nothing else would. And it is his style and not any peculiar merit of his matter or method that probably

accounts for the teachableness which the Yale instructors have discovered in the present book. Professor Fisher, indeed, attributes it to the fact that he has followed the "pedagogical" as opposed to the "historical" and the "logical" methods of other economists. He claims for his method the advantage of beginning with those topics most familiar to the students, such as "personal pocket-money and bank accounts, household expenses and income, the fortunes of the rich." But whether the student is interested in these topics more than in those with which economists generally commence, whether his imagination is really more strongly gripped by ideas upon personal pocket-money and bank accounts than by the speculations of that "Robinson Crusoe economics" for which Professor Fisher entertains such unqualified contempt is probably a question which would have to be answered very differently of different students, and otherwise than the author imagines of students as a whole. Professor Fisher, indeed, seems to think of all students as being possessed of a mathematical or even a mechanical turn of mind. It is always by ingenious mechanical illustrations that he seeks to enliven his arguments and impress them on the memory. Even when he comes to the solemn problem of the unequal distribution of wealth, it is by the conjecture that the grouping of men according to income could be illustrated by a bell-shaped figure that he thinks most powerfully to affect the imagination. There is no reason to believe that this is particularly good pedagogy.

But besides the question of teachableness there is the question of the value of the matter taught. What kind of principles are these with which Professor Fisher would equip the student? How useful is the point of view which they would give him? What kind of an introduction would they provide for the understanding and study of concrete problems? In connection with considerations of this nature, the book appears to be open to serious criticism. As an instrument for understanding the most important social and economic questions it is extremely weak. Of political economy—in the literal sense of the term—the treatment of economic questions as they affect the State—there is none. The social point of view is entirely absent. Indeed, Professor Fisher's analysis hardly lends itself to the consideration of the advantages or disadvantages of systems or circumstances from any point of view. It does not suggest possible lines of progress nor warn us off dangerous though specious policies. It does not facilitate in any way the tracing of cause and effect. It is only

in the middle of the section on "Distribution," which concludes the book, that we learn anything of the production of wealth, and that land, labour, and capital have something to do with it. And there is nowhere any but a purely incidental mention of machinery, or large-scale production, or any of the big features of the industrial system of the present day. And as a result Professor Fisher's principles seem to have really very little to say to the questions of "applied economics," for which he hopes they will serve as an introduction.

But perhaps this criticism is unfair, for the author is aware that his book does not cover "the whole subject of economics." He argues with justification that "no such 'complete' book exists, since no author is capable of writing it, and that all which aim to be complete lack at least half of the subject-matter here presented." In so far as this book is to be regarded as supplementary to ordinary economic text-books it is highly valuable. It brings in a vivid way a number of hitherto isolated and largely neglected branches of economics under one comprehensive view. It is only when it is proposed to substitute this work for the quite different analysis which generally passes for economics that it is necessary to enter a protest.

H. D. HENDERSON

Charakterbilder. By GUSTAV SCHMOLLER. (Munich and Leipzig : Duncker & Humblot. 1913. Pp. viii + 302.)

THE twenty-two essays and addresses which Professor Schmoller has brought together in the present volume vary greatly in importance, and have been published or delivered at many different dates extending over a long period. Though the majority of them are products of the present century, some of the most important date from the years 1896 to 1898; one, indeed, was written as long ago as 1863. This last, an essay of only 2½ pp. on Bogumil Goltz, has no very obvious claim to inclusion in this collection except as a very early specimen of the author's style; we are afraid that the English reader, not already acquainted with Goltz's career, will still remain in almost complete ignorance of his achievements and importance. The other papers deal with statesmen, administrators, certain more or less representative leaders of trade and industry, historians, economists and social reformers—all, with one exception, Germans. Originally produced in most cases as commemorative or memorial addresses or notices, these papers have the character of "appreciations," though the

note of criticism is by no means absent. Their length varies from 50 to 2½ pages, and bears frequently little relation to the importance of their respective subjects. We confess to some disappointment on finding that the essay entitled "Was ist uns Friedrich List?" is no longer than that devoted to Goltz, and that 3 pp. are deemed sufficient for a study of von Miquel.

Some of the papers included in the volume are already well known; the four letters on the "Social and Economic Position and Importance of Bismarck" have long been recognised as the most illuminating account and criticism of one part of that statesman's activity, whilst the brilliant study of the two nationalist historians, Sybel and Treitschke, is an established classic. Of the less familiar papers now printed some, we imagine, are likely to be passed over rapidly by English readers (as, for example, those dealing with the administrators Althoff and Thiel, or such men of business as von Mevissen, Kilian Steiner, or Geibel); but there are others of great interest and value. Such are the critical account of the economic doctrines of Ernst Abbe and the remarkable experiment in industrial organisation inaugurated by him at the Zeiss optical works at Jena; the masterly biographical sketch of Rümelin, who made himself no inconsiderable place in German history as a politician by the part which he played in the strenuous days of '48, as a statesman by the reorganisation of education in Württemberg and the adjustment of the relations between the State and the papacy, and as an economist and statistician by his contributions to the study of the population question; and the sympathetic and surprisingly laudatory essay (of 1907) on the personality and policy of Prince von Bülow.

It is almost unnecessary to say that these papers show all the qualities which we have learned to associate with Professor Schmoller's lectures and writings, and have enabled him to exercise so potent an influence upon economic thought, both in Germany and elsewhere. There is great learning and wide range of interest; a critical spirit which is almost always kindly and based on a sympathetic understanding of the motives and aims even of those with whom he is at variance (this is strikingly shown in the essay on Friedrich Naumann); acuteness of analysis, independence of judgment and lucidity of exposition. There is a power of generalisation which is always stimulating, even though it occasionally, as we think, leads Professor Schmoller astray, as when he finds (p. 96) in an alleged remark of the then Prince of Wales after Sedan, that he would one day avenge it,

an indication of the real nature of British feeling towards Germany since 1870; or draws from certain criticisms levelled against the Conservative Ministry which fell in 1905 the conclusion (p. 106) that in England "even to-day half of those called to Ministerial office are the sons, nephews, brothers-in-law, and sons-in-law of the Prime Minister"; or commits himself (p. 98) to the proposition that "historically and naturally Germany is not, and will not become, an 'Eroberungs-staat.'" Finally, there is intense interest in present-day problems, and the conviction that it is the function of the economic and political historian who would be worthy of his name, to draw from his study of the past precepts to guide his countrymen in the present.

Students of Professor Schmoller's other writings will not be surprised to find that one line of thought runs through and colours all the essays before us. They are almost all studies of men who in divers ways have contributed substantially to the creation and organisation of that modern Germany which, in spite of some defects, appears to Professor Schmoller to approach as nearly as human nature permits to the ideal State, and to be the most potent instrument yet devised for the political and social elevation of mankind. Professor Schmoller's opinions as to the functions of government are too well known to need exposition here; they are emphasised in the volume before us by the contrasting essays on Adam Smith and List. And as the German Empire has been made and shaped by Prussia, Professor Schmoller, though himself a South-German by origin, has for Prussia, its princes and bureaucracy, an almost passionate enthusiasm. It is fitting, therefore, that this volume should open with an address on Frederick William I., and that this should be followed by an oration on the first Emperor; but even the commemorative character of this latter discourse, delivered in 1897, hardly mitigates the surprise with which we read its final sentence: "Das feste Steuer der Hohenzollern wird uns führen, und der Segen Kaiser Wilhelms I. und seiner Regierung wird auf uns ruhen." Professor Schmoller's great admiration for Sybel and Treitschke is due in no small measure to their Prussophil fervour; for him it is one of the chief claims of Rümelin to political importance that in 1848-9 he, "almost alone in South Germany," recognised that the political future of Germany depended on the establishment of an imperial authority hereditary in the Prussian royal house (p. 151); the South German banker, Kilian Steiner, is praised not least because (p. 236) as "an enlightened German patriot, he favoured the leadership of Prussia."

The Prussian state system, based on the theory of an enlightened monarch, aided by a skilled and impartial bureaucracy, raised above parties, keeping the war of interests within bounds, and ruling men, even against their own wishes, for their good, is for Professor Schmoller the highest form of government. To no suggestion of "responsible government" for Germany will he listen: the racial, religious, economic antagonisms of parties render it impossible to expect anything but disaster from the adoption of such a system of government as prevails in the United Kingdom; the dependence of ministers upon the monarch alone is the sole practicable method; and those ministers can only be drawn from the bureaucracy, for ministers chosen from the ranks of men of business have seldom been successful (p. 109). English students will admire the candour of these judgments as to political inaptitude and the bitterness of economic controversy; but when they consider them as pronounced upon a nation which has achieved so much in other fields, and when they reflect also upon the burdens both of tariffs and armaments which have been brought upon Germany, and in no small measure upon Europe also, by the Prussian policy of the last half-century, they may doubt if the Prussian system really merits all the praise which Professor Schmoller and those who think with him have lavished upon it, and if neo-mercantilism has really been of service to humanity.

In the preface to the volume before us Professor Schmoller explains that, now approaching the completion of his seventy-fifth year, he has felt compelled to give up some part of his university activities, in order to devote his strength and time, so far as may be, to literary work. It may then not be out of place to express here the hope that he may be long spared to give to Germany and the world the fruits of his great learning and wide experience, and to enjoy the respect and regard in which he is held by all economic students, both those who know him only by his books and those who have had the added advantage of immediate acquaintance, however slight, with a strong and gracious personality.

PERCY ASHLEY

Industrial Evolution in India. By ALFRED CHATTERTON, C.I.E.,
Special Adviser for Industries and Commerce in Mysore.
(Madras: The "Hindu" Office. Rs. 3.)

IN this volume Mr. Chatterton, who has himself done excellent work in Southern India, especially in encouraging indi-

genous industries, republishes a number of papers and articles written by him from time to time on the subject. His views are valuable, both because they are founded upon careful study of existing conditions and on practical experiments entered upon with a view to improving the methods employed, and because he takes a broad view of his subject and discusses it with due regard to the circumstances of the poorer classes of workers, not only in the towns but in the villages. He gives a detailed account of such branches of industry as chrome tanning, hand-loom weaving, wood distillation, milk products, and well irrigation, and describes the methods in which those industries have hitherto been carried on, and the endeavours made to increase the efficiency of the labour employed upon them, which have in several cases met with considerable success.

The most interesting part of the book is that in which he states his general conclusions as to the present needs of India in the matter of industrial development. He points out that all the mills, workshops, and factories in the country, which are worked on modern lines, only employ about one million people; and that while it would no doubt be advantageous to increase the number of factories worked on a large scale, what India chiefly requires is such improvements in the traditional methods employed by small men working independently or in small bodies as will be within their reach, and will enable them to compete with manufactures imported from the more highly-developed industrial communities of the West, without necessarily leaving their homes and congregating in large towns.

In this connection he discusses the probable effect of a tariff imposed for the protection of infant industries, and it is interesting to find that, unlike most economic thinkers who have approached the question from the Indian point of view, he has arrived at the conclusion that such a protective tariff would not be to the advantage of India. His arguments on this subject were chiefly addressed to the educated classes in India, to whom he pointed out that, while the imposition of protective duties on manufactures would no doubt encourage the development of factories in India, and thus increase the amount of employment given on the factory system to workmen and subordinate clerks, it is probable that it would lead to the establishment in India of enterprises financed by capital from abroad, in which all the important posts would be monopolised by highly trained technical experts, also imported from abroad; so that, while such a policy would increase the cost of manufactured goods to the Indian

consumer, it would not be likely to make any large addition to the openings for employment of indigenous capital and indigenous talent. He therefore advises the educated classes of India to give up hopes of seeing a protective tariff imposed, and to devote themselves to improving their own technical knowledge and to urging Indian capitalists to finance such industries as promise to be profitable under a system of free trade, and especially those which will afford occupation to small men or small bodies of workers.

He dwells with much force on the one-sided character of the education which has hitherto been provided for Indian students, and urges that it should be made less literary and more practical than hitherto. He advocates hand and eye training, a cultivation of the powers of observation, and the co-ordination of the various faculties in the service of their possessor, as opposed to the mere development of the mental powers along comparatively narrow lines, and holds that the aim of Government in the matter should be to train the youth of the country, first in schools and colleges, and then in workshops and laboratories, and finally, to start them in life, giving them practical work to do under competent supervision until they get accustomed to the new atmosphere and surroundings, and are able to launch forth by themselves. It is satisfactory to see that an educational policy of this character is gaining favour in India, and that the responsible authorities are already moving in this direction.

Mr. Chatterton gives some examples which go to show that the Indian workman is ready to adopt new and improved methods, when he is satisfied that they will enable him, by the employment of means within his reach, to increase his net out-turn, or render his labour more efficient. The grower of sugar-cane has in most parts of India discarded the old wooden mills in favour of those made of cast-iron, with the result that the work is done with less labour, and a higher percentage of juice is extracted. In many places the weavers have recognised the advantage of subdivision of labour so far as to prepare their warps in bulk on rotary mills. In others, again, the fly-shuttle loom has been substituted for the native hand-loom, with the result that the speed of weaving has been doubled; wood and metal workers almost invariably use some tools of European manufacture, and sewing-machines are now to be found in almost every tailor's shop. Mr. Chatterton himself has given special attention to the problems of tanning, weaving, and irrigation from wells as conducted by men with small means, and has introduced improved

methods, which are being gradually adopted in Southern India. As he truly says, one of the great problems which India offers to the civilised world is the application of the resources of science, engineering, and commercial experience to an attempt to raise the worker, and pit his skill, ingenuity and adaptability against the large factory and the organised trust, with whose products he has to compete; in short, to develop the function of the man rather than the power of the machine. There is work on these lines in India for many Chattertons.

J. WILSON

The Cotton Manufacturing Industry of the United States. By MELVIN T. COPELAND, Ph.D. Harvard Economic Studies, Vol. viii. (Cambridge, U.S.A.: Harvard University. 1912. 8vo. Pp. xii+415. Price \$2 net.)

THIS volume, by the Instructor in Commercial Organisation in Harvard University, was awarded the David A. Wells prize for 1911-12. It gives a succinct history of the cotton and knitted goods industries of the United States, an account of their present position and organisation, and a comparison of them with the cotton industries of other countries. The history of wages has been omitted "because of the vast amount of time that would be required to secure the data on which to base any reliable conclusions," and no attempt has been made to compare the cost of living in different countries. These omissions are regrettable but intelligible. A table is given on p. 130 showing that the rate of wages for weaving regular print cloth in Fall River discloses little advance between 1884 and 1908, and the author might well have supplemented it by a summary of the information, incomplete though it is, that is given in the Census volumes. This is almost the only complaint which one feels inclined to make about this valuable book, which is of equal interest to the cotton trade in the United Kingdom and to the professed student of economics. Not only does it give a very thorough description of the competitive power of the American industry, but it throws light on some important economic problems.

In 1860 there were 1,091 establishments in the United States engaged in cotton manufacture, employing 5,200,000 spindles and 122,028 persons, and producing an output valued at 115,700,000 dollars; in 1910 there were 1,208 establishments with 27,400,000 spindles and 371,120 employees, and the value of the output was 616,500,000 dollars. Measured by spindles, the United States

are now the second cotton-manufacturing country ; measured by weight of raw cotton used, they are the first, for in 1905, with less than half the number of spindles owned in the United Kingdom, they consumed 13 per cent. more cotton. "This is explained by the larger production of fine yarn in England and the more extensive use of the mule, on which the output per spindle is about two-thirds of that on the ring frame." The ring spindle was invented by an American in 1831, and in 1870 the number of ring spindles in use in the States slightly exceeded the number of mule spindles ; in 1905 there were more than three times as many ring spindles as mule spindles in operation. In England, in 1909, there were five times as many mule spindles as ring spindles. The explanation of this divergent development lies mainly in the fact that no skilled class of operatives grew up round the cotton mills of America, which were regarded only "as a convenient place whence to get a start in life." The supply of skilled immigrants was insufficient, and consequently the success of the trade depended on adapting machinery to the use of the unskilled immigrant, and especially of women and children. Such a machine is the ring frame, which requires little experience and skill, and, with its greater output per operative, secures a reduction of labour cost. In the United States, labour cost is dominant and every effort is made to lessen it ; in the United Kingdom, to save in raw material is the important thing. This distinction runs through every department of the industry. In the preparatory machinery all the improvements are British, because British manufacturers have felt the necessity of economising in raw material, as the competition of other countries forced them more to fine spinning. The use of the ring spindle does not grow quickly in England because the short-stapled cotton used in spinning low counts in that country would not stand the strain of the ring frame. Further, ring weft yarn must be spun on bobbins and not on cops, and the freight charges on the former from spinning-mill to weaving-shed would increase expenses. In the United States the yarn is usually spun and woven in the same mill, and, says Dr. Copeland, in the States "the combination of spinning with weaving is as much a result as a cause of the preference for the ring spindle."

The same pressure of labour cost has led to the extensive use of the Northrop loom (invented by an Englishman) in the States. Apart from the facts that the mule cop is not so well adapted as the ring-frame bobbin for use with that loom, and that to scrap machinery is always costly, Dr. Copeland thinks that "its use

will probably be more limited in England than in the United States. . . . The loom has been adapted but gradually to the weaving of fine goods, and even now many of the fine goods manufactured in England could not be woven advantageously on the Northrop loom. Thus, there is a considerable field in England which it cannot reach, a field which is not only absolutely, but relatively, larger than in the United States. In spite of the advance in the production of finer cotton cloth in this country, the bulk of our output is still the coarse and medium grades of plain goods."

Dr. Copeland is very emphatic that the growth of the cotton and cotton-knitted goods trades is mainly due, not to the tariff, but to American inventive genius stimulated by the compulsion to keep down labour costs.

The advantages of large-scale production appear to be fully obtained in America by a plant of 50,000 to 75,000 spindles and one to two thousand looms. As the trade has grown the product has become more diversified and the mills more specialised. A few companies have mills with from 100,000 to 650,000 spindles, but these are really combinations of several mills and are divided into independent departments. Association and amalgamation of companies have not been successful in spinning and weaving, because all the possible economies of production are realised at an early stage. This fact supports the theoretical view that there is a limit to the growth of the business unit. Its importance must not be over-strained, however, for the typical modern Lancashire mill has about 80,000 spindles. Moreover, the theory has always been expressed too narrowly, for it is confined to production, whereas the great economies of amalgamation lie in the sphere of distribution, partly directly through economies in selling expenses and partly indirectly through elimination of the waste of competition. These influences manifest themselves in America through the increasing association of manufacturing and selling houses, a development which proceeds indifferently from both ends. The community of interest among New England cotton manufacturers is another important factor in the restriction of competition. It operates through mutual stock-holdings, and especially through the interests which selling houses, who finance important sections of the trade, have in manufacturing firms.

The organisation of the American cloth market in its early years took the form of auction sales. This was the method by which imported goods were disposed of, and, as the import trade declined under the influence of the early tariffs, merchants turned

their attention to financing the new cotton industry and the current method of sale was naturally adopted. As the country became more settled and transport and banking systems more developed, sales through houses selling on commission, and, later, sales direct to large customers, have become more characteristic of the business. In 1851 about 7,500,000 dollars' worth of dry goods, two-thirds foreign and one-third domestic, were disposed of by auction, and it is significant of the youth of American business development that as late as 1897 there were large public sales of surplus stocks. One important function of the selling house has been the financing of the trade by granting long credits to customers, a function which is still of importance in the marketing of the products of southern mills, whose live capital is seldom adequate. For most of the New England manufacturers, however, it is no longer necessary to obtain financial aid either through advance of money or endorsement of notes. The urgency of keeping down labour costs compels the mills to run on large orders; as a rule, no order for less than 2,000 yards is accepted, and some mills insist on orders of 6,000 or 10,000 yards of a single design. This factor in production has the result of making the selling house more necessary in distribution. The most modern agent in distribution is the merchant purchaser of grey goods who has them bleached, printed, &c., to his order, and his prominence has been of late becoming more evident. The market is becoming more settled and at the same time more diversified, and corresponding to these changes the American organisation is approximating to the English so as to adjust the growing volume of trade more closely and speedily to the varying demands.

Asia is the largest market for American cottons, especially Manchuria, which imports almost exclusively cheap drills and sheeting for making padded garments. Canada is a more stable market, for which the United States has an advantage of position despite the tariff. In South and Central America English and Germans have established close commercial relations by means of steamship lines, banking houses, and other mercantile connections, and consequently special efforts will require to be made if the export trade of the United States cotton industry is to develop largely. The United States import trade is mainly in lace and fine goods, and has grown despite increasing attempts to restrict it by heavy duties. The whole of the chapter on import duties is worth reading, but there is only space to quote the author's conclusion: "If the manufacturers were willing to give up some of

this useless 'protection' and seek a reduction in the duties on their supplies, they would strengthen their competitive position. Machinery, which is protected by a forty-five per cent. duty, costs more in America. . . . The duties on dye-stuffs and other minor requisites are also handicaps to the American cotton manufacturer in his competition for a foreign market."

Only a brief reference can be made to the great development of the cotton industry in the Southern States from 561,000 spindles in 1880 to about 11½ millions in 1910. Though this is partly due to savings in freight, power, and taxes, "the cornerstone of the structure has been the supply of cheap and tractable labour." This local supply of labour has been exhausted, with the result that wages have risen, while at the same time the publicity that has been given to the deplorable extent to which child-labour was employed has led to some efforts at restriction and to some attempts to improve social conditions. The competition of the South in coarse goods was severely felt, especially during the depression of 1893-7, and the New England manufacturers were to some extent forced to the manufacture of fine goods. The advantages of the North, however, in capital and credit facilities, in proximity to markets, in experience, and in climate, have in the long run outweighed the temporary advantage of cheap labour. It has been predicted that the North would be restricted to the manufacture of fine goods and the South to coarse goods, but "it is by no means certain that this will be the ultimate outcome. On the one hand the production of coarse goods shows no sign of diminishing in the North, and on the other hand several fine goods mills have been erected in the South. Furthermore there may grow up in the South a permanent class of operatives who will develop especial skill in the manipulation of cotton while the inundation of foreign immigrants continues in New England. The one prediction is as good as the other."

The last 120 pages of the book deal with the position of the United States compared with that of the other leading cotton-manufacturing countries, but they are so packed with information that they defy further condensation. These, and several other excellent chapters which have to be passed over very cursorily, the student must study himself, but he will do himself wrong if he passes over a single page of this excellent book without careful consideration.

HENRY W. MACROSTY

Intorno al concetto di Reddito Imponibile e di un sistema d'imposte sul reddito consumato. By Luigi Einaudi. Pp. viii + 105. (Torino : Vincenzo Bona. 1912.)

SIGNOR EINAUDI'S important work takes as its starting-point the familiar distinction between income received and income consumed. Income received is the addition which accrues to a man's possessions during the course of a given period of time ; income consumed is this addition *minus* such part of the accretion as is added to capital either in the form of machines or of personal capacity. From this familiar distinction he proceeds to the no less familiar thesis that a tax on income received implies double taxation of that part of income which is saved, and that, if every pound of income is to bear an equal burden, taxation must be confined to income consumed. Hence, the practical inquiry, By what sort of fiscal arrangement can this state of things be brought about?

To ascertain directly the amount of income consumed for purposes of taxation is impracticable owing to the facility with which evasion can be practised. Consequently, resort must be had to one or other of the two following expedients, namely : (1) the taxation of the material goods and personal services on which a man spends that portion of his income which he elects to consume ; and (2) the exemption from taxation of such portion of income received as a man is *presumed* to save. Of these two expedients the former is confronted with difficulties of application, the latter with a difficulty of principle. It is plain that, if an equal rate of taxation were imposed upon all "consumables," the whole of income consumed would be taxed once at the rate selected. But the adoption of such a policy would necessitate an amount of State inspection over domestic and business arrangements that would be not only intolerably irritating, but also immensely expensive. It is essential, therefore, that taxation be confined to forms of expenditure which can be discovered with reasonable ease, such as expenditure on house-room or servants, or on commodities that necessarily pass through a few ports where Customs officers can be posted, or on commodities that are mainly manufactured in large establishments susceptible to supervision by excise officers. This necessity would not, of course, prevent the taxation of consumables from serving as a means to the equal taxation of all income consumed, if everybody was accustomed to consume different goods in the same proportion. Since, however, no custom of this kind exists, it follows that

the taxation of consumables, taken by itself, cannot provide a system conformable to the "postulate of equality." Nor is this all. Up to this point it has been tacitly assumed that all saving takes the form of external objects. Signor Einaudi now shows, however, that, besides investment in things, there exists also investment in people. To satisfy the postulate of equality, the latter as well as the former must be exempted from taxation. But investment in people includes whatever part of expenditure on house-room, personal services, food, clothing, and so on, goes to build up the productive powers of men, and, more especially, of their children. To separate in any exact way this form of expenditure from expenditure on consumables that are not capital goods is impossible; for the same commodity, according to the circumstances in which, and the persons by whom, it is consumed, sometimes is, and sometimes is not, a capital good. The best we can do is to lay down a rough approximate rule to the effect that those goods and services should be specially selected for taxation on which is spent income left over *after* the satisfaction of vital needs. Even yet, however, there remains a final difficulty in the way of accepting a system of taxation of consumables as the right practical sequence to the postulate of equality. This difficulty arises out of the fact that, after a point, increase in the rate of tax levied upon any commodity yields a diminishing and not an increasing revenue. Consequently, this system may prove incapable of providing the State with the money that it needs, and it becomes essential to combine it with some other device.

The alternative expedient referred to at the beginning of the preceding paragraph was the taxation of income received—in the manipulation of which the convenient device of the levy at source can be employed—coupled with the exemption of such portion of this income as is presumed to be saved. The limit above which this exemption is made will, of course, be different for different classes of persons, for those with large families and those with small families, for those with incomes derived from their own work and those with incomes from investments, and so on. The exemption, however, must in every case, for practical reasons, refer to classes and not to individuals. Herein is the difficulty of principle, referred to above, with which this expedient is confronted; for the amount of saving which is presumed in respect of any class necessarily refers to the average member of that class, and is, therefore, necessarily erroneous in respect of those members—and they will be numerous

—whose savings are greater or less than the average savings of the class.

From what has been said it is sufficiently obvious that neither the expedient of taxing consumables nor that of taxing income received, with exemptions for presumed savings, nor any combination of the two, can provide a system wholly in conformity with the "postulate of equality." Nevertheless, Signor Einaudi shows that not only is it possible in practice to advance a considerable distance towards such a system, but that this is actually done, not consciously, perhaps, but none the less effectively, in many parts of the fiscal machinery that is actually in operation in modern States. Thus, a step towards the required system is taken whenever a higher rate of taxation is imposed upon unearned than upon earned incomes, for, other things being equal, the possession of an earned income may be presumed to render larger savings necessary than the possession of an equal income that is unearned (that is to say, derived from investments). A like step is taken when a general income tax is associated with a special tax on property, whether levied annually or on occasions upon which, owing to the death of the owner or for other reasons, the property changes hands. This system, like the preceding, implies that, of two persons with equal incomes, that one who needs to save more will, in general, be taxed more lightly than the other. It is evident that Signor Einaudi looks with approval upon these and other similar devices.

What has been said will suffice to give a general idea of the contents of this interesting volume. The author on the last page pleads for a criticism directed to the question whether the structure he has built up is rightly based on the postulate of equality, rather than for one directed to this postulate itself. For my own part, however, I am unwilling to follow the line thus laid down. The conclusion which Signor Einaudi draws from his premises I believe to be correctly drawn. But the device of setting up the postulate of equality without discussion and basing upon it an elaborate discussion, is calculated seriously to mislead opinion. This "postulate of equality" in Signor Einaudi's sense, namely, that every pound of income ought to bear an equal burden of taxation, is obviously not given in intuition. It can, therefore, only be defended either as a derivative from some more fundamental maxim concerning equity between persons or on the ground that to act upon it makes for maximum satisfaction. The derivation from "equity" Signor Einaudi does not attempt to establish; nor does it seem to me possible that, had he done so, the attempt

could have succeeded. It is, however, plausible to maintain, and has, in fact, been maintained by many writers, that equal taxation of every pound of income ultimately maximises satisfaction, because it does not interfere with the natural distribution of income between the rival uses of saving and spending. Signor Einaudi himself makes use of an argument of this kind in reference to the taxation of undeveloped building land. But—and this is my fundamental criticism—his postulate of equality, when he comes to apply it to practice, slides away from the meaning that every pound of income ought to be taxed equally, to the quite different meaning that all income-owners ought to be taxed in proportion to their incomes. Both these propositions lead logically to the concentration of taxation upon actual consumption and the exemption of actual savings. But only the second of them leads to the taxation of *presumed* expenditure and the exemption of *presumed* savings. The former of them in no way justifies this arrangement, for the reason that the exemption of presumed savings does not hinder an income tax from differentiating against pounds that are in fact saved as compared with pounds that are in fact consumed. When, at the margin, a man is debating whether to invest or to consume another pound, it will still be the fact that if he consumes it, he will be taxed on it once, and, if he invests it, twice. The distribution which he makes of his resources between the two uses will, therefore, be the same if *presumed* savings are exempted as it would be if nothing was exempted. Thus, it appears to me that Signor Einaudi, in his postulate of equality, has confused two propositions of which the former alone is sufficiently plausible to warrant an attempt to build a theory of taxation upon it. His volume, interesting as it is, would have gained in value if more care had been bestowed on the foundations.

A. C. PIGOU

Industrial Combinations and Trusts. Edited by WILLIAM S. STEVENS, Ph.D., Columbia University. (New York: The Macmillan Company. Price 8s. 6d.)

THIS book is a collection of original documents on the origin, policy, and control of Trusts and similar organisations; and it is invaluable to students of this side of economic development. Though the author has simply published his authorities in their order, the classification and arrangement are so admirable that the book is really an impartial treatment of the Trust problem.

One could wish that a similar service could be rendered us in regard to the Kartels. The agreements which created the original Trusts in oil and sugar, the decisions which upset that method, and the transformation of the Oil Trust into a Holding Company can be read as a consecutive history in the early chapters, and in so short a space as to define easily for the student who comes to the question for the first time the precise steps in this interesting history. Perhaps the most important chapter in the book is that on "Methods of competition and restraint of trade." These methods, as the author remarks, raise the vital question of the "normality" of Trusts. It is his own theory that "the advantages of combination are to be found chiefly in certain methods, and not in the frequently alleged economies of saving of cross freights, &c. It is a very serious question whether, should certain practices be prevented, the alleged natural tendency to combination would not vanish into thin air." For this reason, he devotes a very long chapter to the tactics and strategy of industrial warfare, and it is fascinating reading. Besides the boycott and the buying out of rivals, there are the methods of the "little yellow dog," or bogus independent, company, in great variety; the extract on pp. 326-7 is not without its humour: "If I was not able to regain the (local) trade, I was to whistle by writing a letter, and they would then send on a little yellow dog . . . known as the Climax Manufacturing Company. . . . So we didn't have to lower our prices to the adjoining trade, but the yellow dog got the business." Then there is the organisation of the "Competition Department," at other times the "Ways and Means Department," with its special force of inspectors of other people's business, known as the "knock-out men," in many cases obtaining their information regarding the trade of outsiders by payments to railway officials. Here is a message from headquarters to a "knock-out" man: "Report received, and is satisfactory for a beginner. Try to be more accurate in the information in future, and have report include in full (1) dates when cars arrive, (2) whether box or tank cars, (3) all letters and numbers on cars, (4) contents of cars." And what is to be said of this?—"The defendant . . . caused to be maintained at the factory a display room known as the 'graveyard.' In this room were shown (details) of competing companies which had been forced out of business by the methods above set out. Prominent display cards reporting the names of these companies, the date when they went out of business, and the amount of money lost by them, appeared prominently in the exhibit. . . . This process of intimidating

manufacturers (purposing to go into the business) was known as the 'glooming' process, and the room was sometimes known as the 'glooming' room" (p. 366). The "Gary dinners" offer an ingenious argument on the question when an agreement is not really an agreement.

I do not think it is shown that Trusts owe their existence to such methods, which imply, in fact, both that the combination is already strong enough to use them, and that the attack of the outsider is a constant feature of the history of Trusts. The detail of organisation is one of the striking aspects of American life as a whole; and inevitably it has found its way into industrial competition. Except for bribery and definitely illegal practices, these are instances of competition made quite efficient; and they show the immense difficulty of deciding on the morality of business methods by the use of standards that are purely economic. They show too that, whatever Trusts have done, they have not exterminated competition, but rather displayed its possibilities.

D. H. MACGREGOR

An Encyclopædia of Industrialism. (London: Nelson and Sons. Price 1s.)

THIS is a short volume of reference on the chief problems of Labour and Employment. Most of the articles offer a historical summary of their subjects, an analysis of existing conditions, and an indication of the best sources of information. In some cases there is also given a useful comparison of English and foreign results. The work is in the hands of experts; the article on "Wages" is by Mr. Bowley, on "Strikes" by Professor Nicholson, on "Labour and Politics" by Mr. Philip Snowden, on "Co-partnership" by Mr. Vivian, on "Employers' Unions" by Sir Hugh Bell. Out of the usual run of articles on these subjects is a most interesting statement by Mr. Frank Nasmith of the conditions of "Factory Management." The book should be of special value to workmen's classes and study circles, and to academic students for its useful bibliography of official documents on the social question.

D. H. MACGREGOR

Probleme der Weltwirtschaft: Kanada, Volkswirtschaftliche Grundlagen und Weltwirtschaftliche Beziehungen. By DR. ANTON A. FLECK. (Jena: Gustav Fischer. 1912. Pp. xiv + 367.)

THIS handsome quarto volume forms the tenth of a series of monographs issued under the editorship of Professor Dr. Harms

by the Institut für Seeverkehr und Weltwirtschaft at the University of Kiel. The previous numbers deal with the position of the sailing-ship in international trade, the iron-ore supply of Europe, Denmark, tobacco cultivation in the Dutch Indies, the economic life of primitive peoples, national trade and world trade, Japanese industry, Emden and the Dortmund-Ems canal, the sliding scale for corn duties. The list is an excellent one, and the titles of the forthcoming parts are no less attractive. The present volume first sketches the chief features of the physical structure of Canada and the main lines of the historical and political development of the country. The policy of the Government in dealing with the land and with emigration is next discussed, in order to complete the description of the social basis of the economic life of the Dominion. About one-half of the book is then occupied with a detailed description of agriculture, forestry, fishery, industry, and transport, incorporating all the available statistics. If, as the author says, Canada has not been fully discussed in the economic literature of Germany, his book should fill up the gap in a most admirable fashion. Indeed, there can be few volumes as comprehensive in the abounding supply of English books on Canada. The only serious defect is the want of a number of small sketch-maps in the text, for the large official map which is supplied with the book is not very handy for use by the reader.

The last third of the book deals with the economic relations of the Dominion to the rest of the world, and in particular to the United Kingdom and to the United States. The author holds that Canada is economically dependent on the United States, and that this dependence must be increased by the need of the States for Canadian foodstuffs and raw materials, whether these are obtained by means of a reciprocity treaty or a one-sided reduction of *import duties*, for the States would pay for those imports by an increased exportation of manufactured or semi-manufactured goods. As Canada earnestly seeks to enter into economic relations with the whole world, and has no intention of limiting her manufacturing activity, Dr. Fleck points out that the combination of these different factors must lead to a greater intensification and complication of the trade-exchange between the Dominions and the States. Finally, he adds, "The danger of a complete absorption of the Canadian State, with its small population, in the powerful economic unit of the United States, with a population which will soon number a hundred million inhabitants, will always be a warning for Canada not to allow economic fusion to

pass beyond a definite limit. The political feeling of independence is developed to a high degree in Canada, as its whole economic and political history shows. For the preservation of political independence power is necessary, and as Canada will not possess this for any period that we need consider, the centre of gravity of Canadian policy must always gravitate more to London than to Washington."

HENRY W. MACROSTY

Die Konzentration im Seeschiffahrtsgewerbe. By DR. PAUL LENZ. (Jena: Gustav Fischer. 1913. Pp. viii + 142. Price m. 4.)

It is more than ten years since the formation of the International Mercantile Marine Company under the auspices of the late Mr. J. P. Morgan. The absorption of the White Star Line in this American Trust caused a feeling almost of dismay in this country, and made everybody aware of the existence of combinations in the shipping industry. For several years little was heard about them, although the question of shipping rings and deferred rebates attracted some notice. During the last two or three years much public attention has again been drawn to the subject, partly owing to the numerous acquisitions of the Royal Mail Steam Packet Company, and partly owing to the rumours concerning the intentions of the P. and O. Company.

The reviewer took up Dr. Lenz's book in the anticipation of finding a critical account and explanation of the renewed movement in favour of combinations in the shipping industry, only to be disappointed. It contains merely a brief reference to the latest developments; all the essential material for the writing of the book existed in 1909, when the Report of the Royal Commission on Shipping Rings was published. Dr. Lenz has collected practically no new facts concerning shipping combinations. *On the basis of published material, he investigates, from a theoretical rather than from a historical standpoint, the causes, extent and effects of combination in the shipping industry.* The various forms which combination may take, *e.g.*, amalgamation, the purchase by one company of the majority of shares in another company, pools and conferences, are carefully described, but the book is a descriptive study only in a secondary degree; primarily it is an analysis of the organisation of the shipping industry.

In more than one case, Dr. Lenz's desire to be strictly scientific in his treatment of the subject has led to the introduc-

tion of matter, which appears to be somewhat superfluous in a short book; *e.g.*, the author might have stated his definition of a cartel, without devoting four pages to discussing the definitions of various authorities; again, he might have classified shipping combinations on his own system, without allotting two pages to criticising the systems of classification of other writers.

DOUGLAS KNOOP

Le Banche e il Mercato Monetario. By MARCO FANNO. (Rome : Athenæum. Pp. 394.)

MR. MARCO FANNO, after having written valuable articles in the *Revista Ligure* on the development of the issue banks (*L'evoluzione delle Banche d'Emissione*) has now published, in book form, his ideas and the result of his studies concerning this important question. Well aware how intimately the position of the issue banks and other banks is connected with the situation of the money market, he has, in the second part of his book, devoted special attention to this market, which, as he rightly explains, becomes more international and more important every day.

What Mr. Marco Fanno writes further concerning the development of banking and the services that are rendered by the banks in charge of the issue of bank notes is, of course, not unknown to those who have made a special study of these questions, but he deserves a word of praise for the clear and comprehensive way in which he treats the different arguments that plead in favour of one single issue bank or of many issue banks. However, whether there be in a country one or more issue banks entrusted with the issue of the fiduciary circulation, it is imperative that such banks, representing, so to say, the credit of the nation, should always apply the principles of sound finance and limit their transactions to such as are permissible to a bank of issue. Unfortunately, the financial history of several countries proves that their issue banks have not always confined themselves to their true mission, but have engaged themselves in transactions involving the loss of many millions, while others have had to suspend payment, showing that the fiduciary circulation of a country is a matter of the highest importance, and which cannot be disturbed with impunity. When issue banks are in danger the consequences and ensuing confusion in business are such that the intervention of the State has always been, and always will be, indispensable to alleviate the evils of a most dangerous situation.

After having dealt with the issue banks, Mr. Fanno gives interesting particulars concerning the development of banking in general, and the great extension which the leading European banks have given to their sphere of action by increasing their capital in order to take over the small country banks, and by creating numerous branches, especially in the industrial towns. His figures concerning the increase of capital of several foreign banks are, however, not entirely "up to date." They do not go further than the year 1907, while it is well known that since then, and especially during the last three years, many banks have increased their capital considerably and created many new branches. But what he says concerning the manner in which the German and other Continental banks are working is worth reading.

Altogether Mr. Fanno's book contains many interesting chapters, and will be of great use to those who want to study the development of banking and the situation of the international money market, which is so closely connected with the discount and gold policy of the issue banks and with the balance of trade and balance of payment of the different nations.

C. ROZENRAAD

Die Arbeits- und Pachtgenossenschaften Italiens. By W. D. PREYER. (Jena: Fischer. 1913. Pp. 228.)

THIS book deals with two co-operative movements, which are in a sense peculiar to Italy, but which certainly possess interest also for non-Italians, and one of which may very well serve as a model to ourselves in our efforts to create a tenant peasantry. On these two subjects Herr Preyer's book is unquestionably the fullest and best now before the public. However, the author considerably overshoots the mark when claiming to be the first in the field to deal with them. Even in the German Press, of whose negligence he makes a point, both subjects have been discussed with a fair amount of fulness something like ten years ago in *Blätter für Genossenschaftswesen*. He is likewise wrong in stating that co-operative renting of land has not extended beyond Italy, Roumania, and some feeble beginnings in Russia. Not to speak of one or two of our own newly-formed Allotments Associations, such as the "Northern," and Mr. W. J. Charleton's "Wayford Tenants," there are eleven flourishing common-land renting societies, of exactly the same type as the Roumanian, in Servia. Moreover, the author is woefully behindhand in his

statistics. Already in 1908 there were known to be about 150 *affittanze collettive* established, and last July the number was given as 160.

It is a little difficult to see why Herr Preyer should have bracketed the *braccianti* societies together with *sindacati* and *consorzi agrari* as specifically "agricultural" societies. They are *working-men's* societies aiming, in the first instance, at self-employment, out of which has grown, as in the ideals of our Rochdale pioneers, the aim of independent settlement upon the land. The *braccianti*—that is, the men who simply bring their "arms" to their job, navvies—however, are generally and properly classed together with the *muratori*, the *suolini*, the *biroccianti*, the *barcaioli*, &c., as *working-men* co-operators. They have made roads, built dykes, built even a short railway, and worked in the Laurium mines. Their movement began much earlier than Herr Preyer puts it, owing—as he rightly explains—to the cessation of railway construction and the like. He talks of 1905. The *braccianti* were busily and sturdily struggling along, conquering for their class a better position and better pay, and holding a large territory at Ostia on improvement lease, in 1893. The Baccariai Act, which is their charter, dates from 1889. In 1894, in the Molinella district, they had made themselves masters of the situation.

These men were thrown out of work, as has been stated. Although in after time they have displayed considerable capacity for striking—for which they were cruelly punished in the dragonades of 1898—they found themselves at the time too weak and disorganised to venture upon a fighting policy. So they sought to obtain independent contracts, dispensing with middlemen. The authorities showed themselves favourable. The Baccariai Act authorised public authorities to give such societies contracts up to £4,000 without asking for security. M. Luzzatti, as Minister, considerably increased the figure, and pressed the matter upon the attention of local bodies. Public authorities, like Count Guiccioli, when Prefect of Rome, and Comm. Dallolio, when Syndic of Bologna, particularly praised their work. In the early days it was a thing to wring admiration from one to see how these poor men laid by out of their takings in order by slow degrees to collect a working capital of their own. Barring the persecutions of 1898 they have done well and prospered. One remarkable feature in their growth to power has been the comparative ease with which they obtained working funds—not (at first, at any rate) from co-operative banks, which one might have expected to be helpful, but from private capitalists.

The *affittanze* movement was grafted upon the original stock about 1901. It was at a special gathering held after the Reggio Congress of that year that the programme was settled. And the *braccianti* accordingly took their place in the *Lega nazionale*—not among agricultural societies. The development was natural enough. All these men were dwellers in rural districts, familiar with agricultural work, and desirous of settling comfortably on *rura*, which need not be *paterna*. Tenancy is difficult in Italy, because the *latifundia*, which, according to Pliny, *perdidere Romam*, are still in the ascendant, and Italian landlords are uncommonly grasping. They would also, not unnaturally, not take the risk of letting in detail to small unsubstantial men. The substitution of a co-operative society, pledging itself in common, like our "Tenant Co-operators," removed one hindrance. And now these common settlement societies appear to flourish. One is particularly thankful to see the movement spreading in so encouraging a way in Sicily, where there is great need of it. The fact that, although these *braccianti* rent in common, they as a rule cultivate separately, does not, as Herr Preyer appears to infer, prove that they are not Socialists—for they consider themselves Socialists to a man—but that common sense is stronger than theory.

Herr Preyer incidentally touches upon *Mezzadria*—the old Roman *Medietas*. But there remains a great deal more to be said under that head. Antiquated as it is, during recent years of agricultural depression *Mezzadria* proved almost the salvation of Italian agriculture.

HENRY W. WOLFF

Co-operation in New England, Urban and Rural. By JAMES FORD, PH.D. (New York: Survey Associates. 1913. 12mo. Pp. 260. Price \$1.50.)

THIS little book, apart from telling British readers about "co-operative" institutions in parts of the United States, ought certainly to prove useful in its own country. The United States literally swarm with institutions, at any rate, of the agricultural type, bearing the co-operative name. They, indeed, number thousands. However, of all these teeming thousands, there are very few indeed that would pass muster before a genuinely co-operative tribunal. The majority are rather "rings" formed in opposition to traders' rings, which in the past have truly worked sad havoc among farmers. And yet the United States need

co-operation. Three Presidents—that is, the present and his two immediate predecessors—have borne public witness to this. Under the special benison of the Senate the Southern Commercial Congress is sending out a Commission of some hundred representatives to Europe to learn what co-operation applied to agriculture is. In America this question has for a little time past occupied many minds. The State Department of Wisconsin has particularly distinguished itself by its researches. The “Russell Sage Foundation,” of New York, which publishes the book here noticed, has turned its attention to the same subject, and, as its General Director informs me, the object of the book is quite as much to show Americans “what may *not* properly be called co-operation as what some of the probabilities for it are.”

Dr. Ford has well accomplished his task. He tells his story lucidly and succinctly, and is evidently master of his subject. Among other things he explains the causes which have thus far prevented co-operation from prospering. There is not, in truth, much to tell about that “industrial” co-operation which the Americans call “urban.” As among ourselves, industrial co-operation made an early start about the “thirties” with the same aims in view. But it did not live on or develop like our own. Now the existing laws stand rather in the way. However, foreign immigrants readily manage, notwithstanding, to establish their accustomed stores themselves. On agricultural ground there is plenty of “co-operation” and to spare, but it is self-seeking, speculative, in many cases exclusive. It is to be hoped that the forthcoming American inquiry into European methods will correct this, and place American agricultural co-operation on the proper footing. The present book may prove a good preparation for this.

HENRY W. WOLFF

Birmingham Studies in Social Economics and Adjacent Fields.

Edited by PROFESSOR W. J. ASHLEY. I.—*Environment and Efficiency: a Study in the Records of Industrial Schools and Orphanages.* By MARY HORNER THOMSON. II.—*The Public Feeding of Elementary School Children: a Review of the General Situation, and an Inquiry into Birmingham Experience.* By PHYLLIS D. WINDER. III.—*The Social Policy of Bismarck: a Critical Study, with a Comparison of German and English Insurance Legislation.* By ANNIE ASHLEY, M.A. (1912. Longmans, Green and Co. Price 2s. each.)

AN editorial note states that “the studies in this series are the outcome of the inquiries of students working for the Social Study

Higher Diploma or for the Higher Degrees of the University of Birmingham." The Social Study course of the University of Birmingham is the "newest" enterprise of that "new" University, and deserves attention in itself before we look at its first fruits. A committee composed of teachers in the University and of representatives of the National Union of Women Workers, the Workers' Educational Association, the Trades' Council, and other institutions in the city, supervises a course of systematic instruction intended to provide for the needs of those desirous of serving on local governing bodies, of engaging as officials in national or municipal administration, or of taking part in philanthropic work, or as "welfare workers" at factories, as well as for the training in social questions of the clergy and the officials of trade unions, friendly societies, &c. The course covers one or two academic years, and embraces (a) university lectures in industrial history, local government, sanitation and hygiene, elementary economics, industrial legislation, and social philosophy; (b) visits of observation to institutions dealing with the administration of poor law, education, and justice, with sanitation and hygiene (hospitals, housing improvements, &c.), and with industrial conditions (factories, labour exchanges, &c.); (c) practical work—office work at the Birmingham Aid Society and the Birmingham C.O.S., visiting in connection with these two societies, and work as a helper in an approved school, club, class, &c. Exemption from certain parts of the practical work may be allowed to students already possessing such experience. A diploma is granted to those who satisfy the committee, and candidates who have fulfilled all the requirements of the ordinary diploma with a high degree of credit may be granted a Higher Diploma after a second year of study, in which they must take up two of the following University courses—advanced economics, public finance, methods of statistics, political philosophy, housing and town-planning. They must also submit a thesis embodying the results of an original investigation into economic or social conditions, conducted during the period of study under the direction of some member of the committee. Three of those theses are now before us.

It would be easy to suggest extensions of this scheme of social study, and even to propose improvements, but, taking it as a whole, and remembering that the practical work is only possible through the co-operation of officials and manufacturers who have their own daily business to attend to, it is most admirable. One would have much more confidence in the efficiency of municipal officials if one knew that they had all gone through some such

course of instruction in theory, history, and practice. Such instruction is just as necessary for the clerical or administrative staff as a knowledge of the principles of hygiene is for the sanitary inspector. Indeed, one might even go farther, and suggest that it would be extremely useful if Professor Ashley and other teachers engaged with the practical side of economics would draw up a similar course of training for civil servants. Administration becomes inconceivably more efficient when the administrator has a first-hand acquaintance with the material with which he has to deal as well as with his office-methods and precedents.

Whatever may be the results on administration, there is no doubt as to the effect which this carefully-planned course of instruction has on investigation. Each of these three theses is of a high order of merit, and shows that the writer has approached her subject with sympathy, has accumulated her facts with care, and has criticised them with a keen sense alike of their sufficiencies and their deficiencies. They are also well written, which, unfortunately, is much more than one can say for all post-graduate or, indeed, all professorial work. The arrangement is good, and the language is terse and clear. These same good qualities, however, make it difficult to summarise the reports.

Miss Thomson's object is to show the effect produced on children belonging to the lowest class of society when they are taken out of their surroundings and are properly fed and trained. Out of 265 cases investigated, 192 turned out satisfactorily, forty-four were doubtful, and only twenty-nine unsatisfactory, of which thirteen were "mental" cases or "almost deficient." Even in a batch of forty cases where the children were taken into institutions at the late age of eleven or twelve, twenty-eight were entirely satisfactory. The records cover, as a rule, at least four years after leaving the Home, and Miss Thomson's standard is so high that on p. 32 a girl who finished by being a matron is classed in the category of unsatisfactory cases. The conclusion is that environment is more potent than heredity in determining the fate of the slum child, contrary to the opinion of an egregious Mr. Mudge, who unconsciously travesties whatever is sound in eugenics and holds that "in social life the environment is the product of the individual." Miss Thomson's final words are: "So our race of hereditary paupers and criminals will form, as generation follows generation, an ever-increasing minority, until eventually—who knows?—they may be crowded out altogether by the mere force of a beneficent environment."

The Birmingham Education Committee gave Miss Winder

special facilities for her investigations, so that she is able to give abundant particulars as to the condition of the families where the children require to be fed at the public expense. The evils of casual labour are once more made evident; the benefit to the children from proper feeding is again displayed. Her most important practical conclusion is that the system of selecting children entirely by way of a fixed poverty scale is unsound, and that there should be the closest co-operation between the school medical service and the canteen committees. Her general view of the problem of school feeding is worthy of quotation: "The greatest danger, perhaps, of a public provision of free meals is that they act as a salve to the conscience of the community who see the children being fed, and, thinking all is well, look no further. The meals themselves are only a palliative; the real solution of the problem of the ill-nourished child can only come very slowly with more knowledge and better conditions in the homes, with proper provision for times of sickness and for widowhood, and with some solution of the problem of unemployment."

Miss Ashley first discusses the nature of State Socialism and its relations to Conservatism, and briefly sketches its history; then she reviews Bismarck's character, and traces the development of his opinions. In the second half of her thesis she deals with the early history of insurance in Germany and with the provisions and principles of the Bismarckian legislation, compares German and British insurance legislation, and discusses the relations of insurance and self-help and of State action and charity. This is a study of an entirely different kind from the other two, but it is at least as good. The historical summaries are both full and concise, the treatment of Bismarck's character is illuminating, the exposition of the insurance laws plain and lucid. Occasional flashes of humour light up the writing. The time is not yet for a final judgment of Bismarck and his policy, but, as Professor von Schmoller says in his preface, and Miss Ashley shows in more detail: "There was always in his heart a feeling of *noblesse oblige* towards the lower classes, and a conviction of the social mission of the monarchy to protect them against exploitation by the upper classes; and, beneath all this, was an undercurrent of dislike of the money-making *bourgeoisie*. . . . An important factor in determining the scope and character of the whole body of insurance legislation was Bismarck's desire to carry out the great undertaking rapidly, and, in any case, during his own lifetime."

Geschichte des Sozialismus in England. By M. BEER. (Stuttgart : Dietz Nachfolger, G.M.b.H. 1913. Pp. xii + 512.)

WE do not know whether the author is acquainted with the advice of the late Professor Brewer that the best way to study history is to go to biography. There is a good deal of truth in the statement, even for general history, but in the case of the history of movements it is especially valuable. Herr Beer has adopted the advice in principle. His book shows clearly the influence of the great and the small leaders on the development of Socialism in England—men such as E. C. Jones, George Holyoake, Samuel Kydd, to name but three. The English pioneers of Socialism may not be placed by the side of Marx or Lassalle, but certain it is that in their own country they were not without honour or success. Particulars of their lives are scattered about here and there. Herr Beer has, we believe for the first time, gathered the material into a whole and worked it around one central theme—the history of Socialism in England.

Students owe a debt of gratitude to him for the work, seeing that there is no comprehensive treatise on this most interesting subject. Our only regret is that it should have been left to a German to supply the need. But this is no reflection on the author, who has done his work thoroughly and scientifically. The book is divided into three parts as follows : (1) from 1750 to 1824, (2) from 1825 to 1854, and (3) from 1855 to 1912. The story is told in a business-like, straightforward manner, without any attempt to put forward original or new-fangled ideas. Particularly good is the section dealing with the Chartist Movement. The author's standpoint—and this must not be left unmentioned—is confessedly Socialistic. (Is not the book printed by the well-known Stuttgart firm which specialises in the production of Socialist literature?) This is to the advantage of the work. If we are to have a presentation of the growth of the Socialist movement in England, it is best that it should come from a Socialist. But let us add that this does not mean that the story is one-sided, extremist or exaggerated. Herr Beer is, it is true, a Socialist (he was the London correspondent of the *Vorwärts* from 1901 to 1910) ; but he is also a scholar, and the book is worthy of the best traditions of German research. Herr Beer has gone to the sources, not neglecting the general literature of each particular epoch. His quotations, of which there are many, are, of course, in German.

The very straightforwardness of the book leaves little room for criticism. We have tested it throughout and have not met with

any glaring errors; on the contrary, the author shows an understanding of English conditions, both in the present and the past, which is commendable. When he says that the year of the disappearance of the yeoman was not, as Marx held, 1750, but 1825, we doubt whether it is at all possible to fix any year definitely, though we should be inclined to favour the earlier period, if some date must be chosen.

A serious thing in the book is the number of misprints. The author seems to be aware of them, but he has not seen them all (*e.g.*, p. 405). We hope they will all be removed in the English edition, which, we understand, the author has in preparation, and which is to be somewhat larger than the German.

M. EPSTEIN

Histoire du peuple anglais au XIX^e siècle. Vol. I., *L'Angleterre en 1815.* By ELIE HALÉVY. (Paris: Hachette. 1912. Pp. 615.)

PROFESSOR HALÉVY'S book covers the whole range of social activities: politics, economics, religion, and the arts. Economic students will be mainly interested in Book II., *La société économique*. The book is more than a work of reference, but the small space, 174 pages in all, into which subjects so huge as agriculture, industry, transport, credit, taxation, and the Poor Law have to be fitted, makes it impossible for the author to add very much to our knowledge on any particular subject. As a general work, the English student will pronounce it useful, although, being a French publication, it contains no index. The reader already familiar with Prothero's *English Farming*, Mantoux's *Industrial Revolution*, and the historical writings of Tooke, Jevons, Andréades, Sidney Buxton, and the Webbs, will know in advance what the author has to say. But the book is a challenge to Englishmen to write for themselves their own economic history during the nineteenth century, and doubtless some have already the challenge in their pockets. There are some interesting pages (298-300) and some valuable references (299, note 1) on the subject of the licenses issued on either side of the Channel since the period of Napoleon's Continental system. To these one would now add the name of Professor Eugen Tarle, of Petersburg, although his work, being in Russian, is inaccessible to most of us except through the French medium of an International Historical Congress. For closeness of research Professor Halévy's book cannot claim to rival the chapters on economic history in the

later volumes of the Cambridge Modern History, chapters which form refreshing oases in that desert of crowded dullness.

C. R. FAY

The York Memorandum Book. Part I., 1376-1419. Edited by MAUD SELLERS, Litt.D. (Surtees Society. Vol. 120. 1912. Pp. lxxxvi + 287.)

THE capital of the North has waited long for the publication of its early documents, and both economic and general historians will be most thankful to the Surtees Society and Miss Sellers for this first valuable instalment. The Memorandum Book, which "in form, matter, and date corresponds very closely with Letter Book H of the City of London," is essential for comparison with other mediæval records. The volume contains a number of documents both earlier and later than the period 1376-1419. It is particularly rich in gild regulations, for York was a city with a very highly developed gild life in the fourteenth and fifteenth centuries. Not that the gilds show any signs of independence of the town authorities: there are no civic gild revolutions; but gild organisation is applied even to the tiniest groups of craftsmen or traders. Whereas Norwich, a town of comparatively weak gild life, had only six regular organisations in 1389, sixteen in 1440, and twenty-six in 1448, the York records for about the same period show forty-one gilds, varying in size from the tailors' gild, with 128 masters, to the wax chandlers' with six and the founders' with five. The earliest ordinances here printed are those of the girdlers in 1307, which show a well-developed gild system with a four-year apprenticeship. A century later the seven-year period is practically universal. A fullers' ordinance of about 1390 suggests that the mastery was at that time open to competent men who had not been apprenticed: "Item que desormes chescun qad estee apprentice ou servant en le dit artefice et soit trove convenable a ocupier sicome mestre en mesme l'artifice," etc. (p. 72); but other interpretations are possible, and I have not noted any other ordinance which settles the point. A difficulty arises from the use of "servant" by the York scribes. Sometimes it applies to anyone who is not a master (*e.g.*, p. 89); in one case an English cross-heading to a Norman-French document equates it with apprentice; elsewhere it obviously applies to the wage-earning "journeyman," a term very rarely used at York.

The "servant," in the later fifteenth century, at any rate, is often hired by the week, and from an earlier date we find refer-

ences to "taskwork." The constant struggles to prevent men working for two masters, and to force them to work in their master's shop only (*e.g.*, skimmers, p. 63, saddlers, p. 89: both sets of ordinances undated), show how difficult it was to maintain what are usually called "typical gild conditions," and how easily the hired man might become a home-worker if gild rules were relaxed. In the fifteenth century we get the skinner's "servand" "that wyrkys a penyworth work for a penny, and wyll noght be governed at the serchyng of hys work be the serchours and maisters," who is to be fined. He is surely either a home-worker or a short-hired man like those Norwich "servants" in the early fourteenth century Book of Customs, for whom "there masters are not answerable . . . for that they are not of their mainpast because they receive a penny a day for a penn, of work."

There is no evidence of permanent journeymen's organisations, but the cordwainers, about 1435, complain that certain servants—inspired by aliens and other outsiders—"sine causa justa recusant gubernari per statuta et antiquam regulam artis predictae," and "faciunt conventicula et congregaciones illicitas et confederaciones prohibitas . . . in numero magno, contra magistros suos quibus servirent, contra bonum usum civitatis hujus, et in contemptu regis" (p. 191).

The documents contain abundant information on other points of special interest to the mediæval economic historian, but of less interest to the modern economist—such as the gradual dissolution of the merchant gild, the economic position of women in the mediæval town, "overlap" disputes among gilds, the admission of strange craftsmen to gild privileges, the policy of the city towards runaway villains and aliens, and the close connection between gild life and pageantry. The modern economist may not even care to know that the saucemakers and sellers of Paris candles were specially interested in that pageant "in qua representatur quod Judas Scarioth se suspendit et crepuit medius" (p. 155). The mediævalist, on the other hand, will note with interest that there was not at York that concentration of traders in Poultries, Milk Streets, and Ironmonger Lanes which one finds in so many greater mediæval cities. There were, in any case, few trades in York big enough to dominate a whole street.

Profound gratitude to the Editor is linked with a little regret at her insistence on dividing principal sentences by commas. "Certain boroughs, however, as early as the reign of Henry II., had obtained the right to treat freehold property in the same way

as personal, York was one of these, it became a matter of first importance that a good title should be secured," &c. There are many such sentences. The Index is not quite perfect, as it should be in a book of this kind. There are two mistakes in the five entries under "Clapham." But there is no reason to think that this is an average proportion of error, and one of the mistakes is only the still very common confusion of Claphams with Chapmen.

J. H. CLAPHAM

Weibliche Dienstboten und Dienstbotenhaltung in England. By DR. LISA ROSS. (Tübingen : J. C. B. Mohr. 1912. Pp. viii + 99. 3 marks.)

THIS little book describes the conditions of female domestic service in England, institutes a comparison with Germany in this respect, and draws some general inferences. It makes no claim to solve the servant problem, and very little attempt to forecast the future.

The writer examines the motives underlying the practice of keeping domestic servants, and finds four factors at work. The housewife may help her husband in breadwinning, and employ a servant to replace her in the home. Or she may delegate her household duties in order to devote her time to the education of her children, to social work, or merely to culture and recreation. Again, the mistress of a house may employ a servant, or a given number of servants, simply to conform to the standard adopted by her class. Lastly, she may keep any number of servants as a mere matter of luxury. Between the motives at work in the last two cases it is not easy to draw a definite line.

It is clear that the practice first mentioned is economically productive, and directly so. The second, in the majority of cases, is indirectly productive, and therefore economically sound. In the third class of cases we are dealing with conventions which it is difficult to criticise. The fourth must be unconditionally condemned. Where the energies of women are set free for no useful purpose, we can only get national waste.

Dr. Ross is of opinion that the second factor is the more predominant in Germany, while the third operates more strongly in England. She supports this view by the fact that technical improvements and labour-saving appliances in the home are immediately followed by a reduction in the number of servants in German households; while in England the correspondence

between the amount of work and servants employed is much less marked, showing that the practice is more a matter of custom than of need.

In England the proportion of servants kept has always been greater, their wages have always been higher, and their conditions better than on the Continent. The lowest wage, *e.g.*, paid to cooks and parlourmaids in London is well above the average paid anywhere in the German Empire. In England, too, the domestic servant is a much more independent and detached individual than in Germany. Domestic service is, indeed, in a transition stage everywhere; it is losing its personal character, and tending at last towards the condition of free contract which exists in other occupations. England, which has been half a century ahead of the Continent in all matters affecting domestic service, is naturally in the van of this movement also.

The servant problem is doubtless not to be solved by the arm-chair economist. Still, it is a pity that the thoughtful analysis of the early chapters of this book was not followed up by a consideration of the future of domestic service on the basis of free contract—a development which is imminent. The writer has deliberately restricted her inquiry to household servants in direct personal relations with their employers, and therefore leaves out of consideration the whole body of hotel, club, and institution servants. These are, however, much more highly organised than the rest of their class, and have already achieved the impersonal relation to which all are tending. A little more consideration of their conditions would have repaid study, and might have indicated the lines on which a solution of the servant problem may be sought.

H. REINHERZ

Die allgemeine Nährpflicht als Lösung der sozialen Frage. By JOSEF POPPER-LYNKEUS. Dresden: Carl Reissner. 1912. Pp. xvi + 813.

THERE have been many suggestions put forward for the amelioration of the world and the improvement of social conditions. Louis Blanc's, Proudhon's, Henry George's, Richard Bellamy's, Franz Oppenheimer's, are a few that are well known to Economists; and now comes Josef Popper (Lynkeus) as the latest prophet of the golden age. He has weighed his precursors in the balance, and has found them wanting. Hence his own scheme, in which he appears to place exceeding great faith.

It would be idle to assert that his considerations are not without value or that his suggested scheme lacks interest. But it seems hardly necessary to have expatiated upon it at such great length. Surely one-fourth of the eight hundred odd pages would have amply sufficed. But the author is fond of a good fight; he has jousts with the sociologists, whom he just tolerates, and with the economists, whom he positively despises. In fact, he holds the view that economics is only a pseudo-science, and he devotes many pages to prove this thesis. Almost every German and Austrian economist of note is quoted and slashed about, and we are bound to confess that this part of the book is not uninteresting. The author, however, wishes his work to be looked upon not as a scientific piece of reasoning, but as a programme pure and simple.

It is an attractive programme. Herr Popper starts out with what is undoubtedly one of the most tragic facts of modern economic life—the uncertainty as to their livelihood by which the great mass of workers are weighed down. His axiom, therefore, is that every state should see to it that each of its subjects is assured a minimum of comfort, so as to be placed in a position of economic security, no matter what happens.

This minimum shall include food, housing, clothing, medical and nursing attendance, and also burial. To provide for these wants there shall be instituted an Industrial Army of men and women, parallel with the existing military forces, and recruited in the same manner as these are—by conscription. Every man and woman in the state will have to serve for a number of years in the Industrial Army, giving up a span of their life to the state, as the soldier in training does to-day.

Everything produced by the Industrial Army shall be divided *in kind* among all the citizens according to their needs. But how are these to be determined? Our author is a little vague on this point. Physiology, he says, makes it abundantly clear how much food, and of what kind, any person requires for perfect health. So much the state shall give him as his minimum. And as for housing, "we know from researches in hygiene of what size healthy dwellings should be, and how constructed."

But suppose that not sufficient is produced for the minimum of all? The author has two answers to this possibility. In the first place, if it should be necessary to suffer hunger, then all must suffer alike. In other words, the general minimum must be lessened by an equal amount in every case. He feels, however, that that is not the ideal way out of the difficulty. Hence

his second proposal: the state shall limit the number of births. The method of achieving this end is certainly original; readers will find it in the last chapter of the book.

Side by side with the work of the Industrial Army, private undertakings shall be allowed to exist, but they are to produce only luxuries, *i.e.*, that which is over and above the minimum standard. Here the present economic order shall continue, with competition, wages, strikes, lock-outs, and so forth. When you have served your time in the Industrial Army you may follow any calling you choose. Of course, seeing that every citizen will have provided for him the minimum of existence, wages will tend to be lower than they are now.

This, in brief, is the two grains of wheat hidden in the two bushels of chaff. The scheme seems an earnest attempt at a solution of the social question, and not a few people will agree with the author's fundamental principle. The difficulty will be concerning its realisation. Nevertheless, all social reformers should find the book interesting. The second part, which is constructive, will appeal most to them; while the first part, which is critical, will not be without use for professed economists.

M. EPSTEIN

NOTES AND MEMORANDA

THE DEPRECIATION OF BRITISH HOME INVESTMENTS.—II.

THE tables published in the ECONOMIC JOURNAL of June, 1912, are brought up to date below by the addition of the figures for 1912.

TABLE I.—(Line A of Diagram).

Dividends and Mean Prices. BRITISH RAILWAY DEBENTURE STOCKS.

—	1876	1881.	1886.	1891.	1896.	1901.	1906.	1911.	1912.
1. Caledonian	4·00 104·00	4·00 107·5	4·00 116·2	4·00 126·6	4·00 156·9	4·00 135·2	4·00 121·2	4·00 108·00	4·00 104·0
2. Great Eastern	4·00 102·5	4·00 112·2	4·00 117·0	4·00 127·5	4·00 154·2	4·00 131·0	4·00 119·1	4·00 106·2	4·00 102·4
3. Great Northern	4·00 105·2	4·00 114·7	4·00 120·5	4·00 100·5	4·00 119·1	4·00 100·0	4·00 92·0	4·00 81·6	4·00 78·8
4. Great Western	4·00 105·2	4·00 114·7	4·00 121·0	4·00 131·9	4·00 157·7	4·00 134·0	4·00 123·4	4·00 109·5	4·00 105·6
5. Lancashire and Yorkshire ..	4·00 105·2	4·00 114·7	4·00 118·0	4·00 128·0	4·00 119·7	4·00 100·5	4·00 91·8	4·00 81·2	4·00 78·3
6. London and North Western	4·00 105·7	4·00 115·0	4·00 121·7	4·00 132·7	4·00 119·9	4·00 108·2	4·00 95·8	4·00 84·2	4·00 80·9
7. London and South Western	4·00 105·7	4·00 115·5	4·00 120·0	4·00 100·2	4·00 119·0	4·00 101·8	4·00 93·0	4·00 81·0	4·00 79·1
8. London, Brighton and South Coast	4·50 114·0	4·50 124·0	4·50 130·5	4·50 143·0	4·50 173·7	4·50 147·4	4·50 133·0	4·50 120·2	4·50 116·0
(a) Manchester, Sheffield and Lincol.	(a)4·50	(b)4·00	(b)4·00	(b)4·00	(b)4·00	(b)4·00	(b)4·00	(b)4·00	(c)4·50
9. (b) London, Tilbury, and Southend	113·0	107·5	116·0	123·0	154·1	130·5	117·0	106·1	113·0
(c) Great Central	4·00 102·7	4·00 107·9	4·00 114·7	4·00 124·6	4·00 116·4	4·00 100·0	4·00 91·0	4·00 80·6	4·00 78·8
10. North British	4·00 102·7	4·00 107·9	4·00 114·7	4·00 124·6	4·00 116·4	4·00 100·0	4·00 91·0	4·00 80·6	4·00 78·8
Average of Dividend, per cent. the Ten	4·10 106·32	4·05 113·37	4·05 119·50	3·85 123·80	3·55 139·16	3·55 118·36	3·55 107·73	3·55 95·95	3·55 98·74
Yield, per cent.	3·17·1	3·11·8	3·7·9	3·2·2	2·11·0	3·0·0	5·5·7	3·14·0	3·16·8
Years' Purchase	25·9	28·0	29·5	32·2	39·2	32·3	30·3	26·8	26·0

The dividends are those paid during the year.

TABLE II.—(Line B of Diagram).

Dividends and Mean Prices. BRITISH MUNICIPAL SECURITIES.

	1896.	1901.	1906.	1911.	1912.
1. Metropolitan Consolidated (1941) 3% Stock	121·75	101·37	93·75	89·25	87·56
2. Birmingham Corporation (1947) 3% Stock	114·00	100·87	91·87	86·44	83·50
3. Bristol Irredeemable 3½% Stock	132·75	114·25	104·50	97·75	94·25
4. Cardiff (1935) 3½% "	122·31	106·75	101·37	97·00	95·00
5. Glasgow Irredeemable 3½% "	135·25	118·75	107·37	102·12	100·00
6. Liverpool " 3½% "	136·75	117·75	108·12	100·50	98·87
7. Manchester " 4% "	151·12	132·06	123·56	114·69	111·75
8. Newcastle (1936) 3½% "	121·37	106·50	101·25	97·37	95·75
9. Nottingham Irredeemable 3% "	117·12	100·37	90·44	87·87	86·44
10. Bradford (1945) 3½% "	123·25	109·31	101·75	97·75	96·87
Average of Dividend, 3·4% the Ten	127·567	110·798	102·398	97·074	94·999
Yield, per cent.	2·13·4	3·1·4	3·6·5	3·10·1	3·11·7
Years' Purchase	37·5	32·6	30·1	28·5	27·9

TABLE III.—(Line C of Diagram).

Dividends and Mean Prices. BRITISH RAILWAY ORDINARY STOCKS.

	1896.	1901.	1906.	1911.	1912.
1. Caledonian	5.25 154.56	3.62 124.40	4.00 110.60	3.37 85.75	3.25 78.62
2. Great Eastern	2.75 98.62	2.62 101.75	3.37 85.19	3.37 71.12	2.87 65.25
3. Great Western	5.87 173.25	4.00 140.06	5.37 133.19	6.00 126.31	5.37 118.31
4. Lancashire and Yorkshire ..	5.12 140.44	3.62 117.87	4.12 105.12	4.62 97.12	4.12 91.56
5. London and North Western ..	6.87 197.69	5.50 169.31	6.37 155.50	6.87 141.12	6.37 134.75
6. London and South Western ...	6.37 207.25	5.50 176.00	6.00 153.00	6.12 141.37	5.50 128.62
7. London, Brighton & South Coast	6.50 185.50	4.75 142.00	5.62 133.62	5.62 115.50	5.00 111.12
8. North Eastern "Consols" ...	6.12 173.56	5.75 160.25	5.75 140.94	6.25 130.37	5.75 123.34
9. North Staffordshire	4.25 130.25	3.62 107.75	4.25 101.19	4.75 94.44	4.37 89.25
10. Taff Vale	3.25 86.50	2.87 71.50	2.87 79.62	4.00 76.00	3.50 73.25
Average of the Ten { Dividend, per cent. ...	5.235	4.185	4.872	5.097	4.610
{ Price	151.762	131.089	119.797	107.910	101.407
{ Yield	3.7.8	3.3.10	4.1.4	4.14.6	4.10.11
{ Years' Purchase	29.6	31.3	24.6	21.2	22.0

The dividends are those paid during the year.

TABLE IV.—(Line D of Diagram).

Dividends and Mean Prices. FOREIGN AND COLONIAL RAILWAY OBLIGATIONS.

	1896.	1901.	1906.	1911.	1912.
1. Northern of France 3% Obligations	95.0	91.1	91.1	84.1	83.4
2. Grand Russian (Nicolai) 4% Bonds	99.0	97.1	76.5	89.1	85.5
3. Pennsylvania 4½% Gold Bonds .	113.0	111.6	104.8	104.1	102.7
4. Chic. Mil. and St. Paul 4% Gen. Mort. Bds.	95.2	115.0	111.9	104.1	101.6
5. Buenos Ayres Gt. Southn. 4% Deb. Stock	119.5	111.0	106.2	102.2	101.0
6. Central Argentine 4% Deb. Stock	110.1	102.9	105.5	101.4	100.3
7. Mexican Railway 6% Perp. Deb. Stock	131.1	132.7	144.0	139.6	137.9
8. Nitrate Railways 5% 1st Mort. Bds.	88.6	97.7	105.2	105.2	106.0
9. Canadian Pacific 4% Con. Deb. Stock	105.2	110.1	110.9	104.4	102.2
10. Atlantic and St. Lawrence 6% Shares... ..	152.5	160.5	157.7	150.1	146.1
Average of the Ten { Dividend, 4.45%. Price	110.92	112.97	111.38	108.43	106.67
{ Yield, per cent.	4.0.3	3.18.9	3.19.11	4.2.1	4.3.5
{ Years' Purchase	24.9	25.4	25.0	24.4	24.0

TABLE V.—(Line E of Diagram).

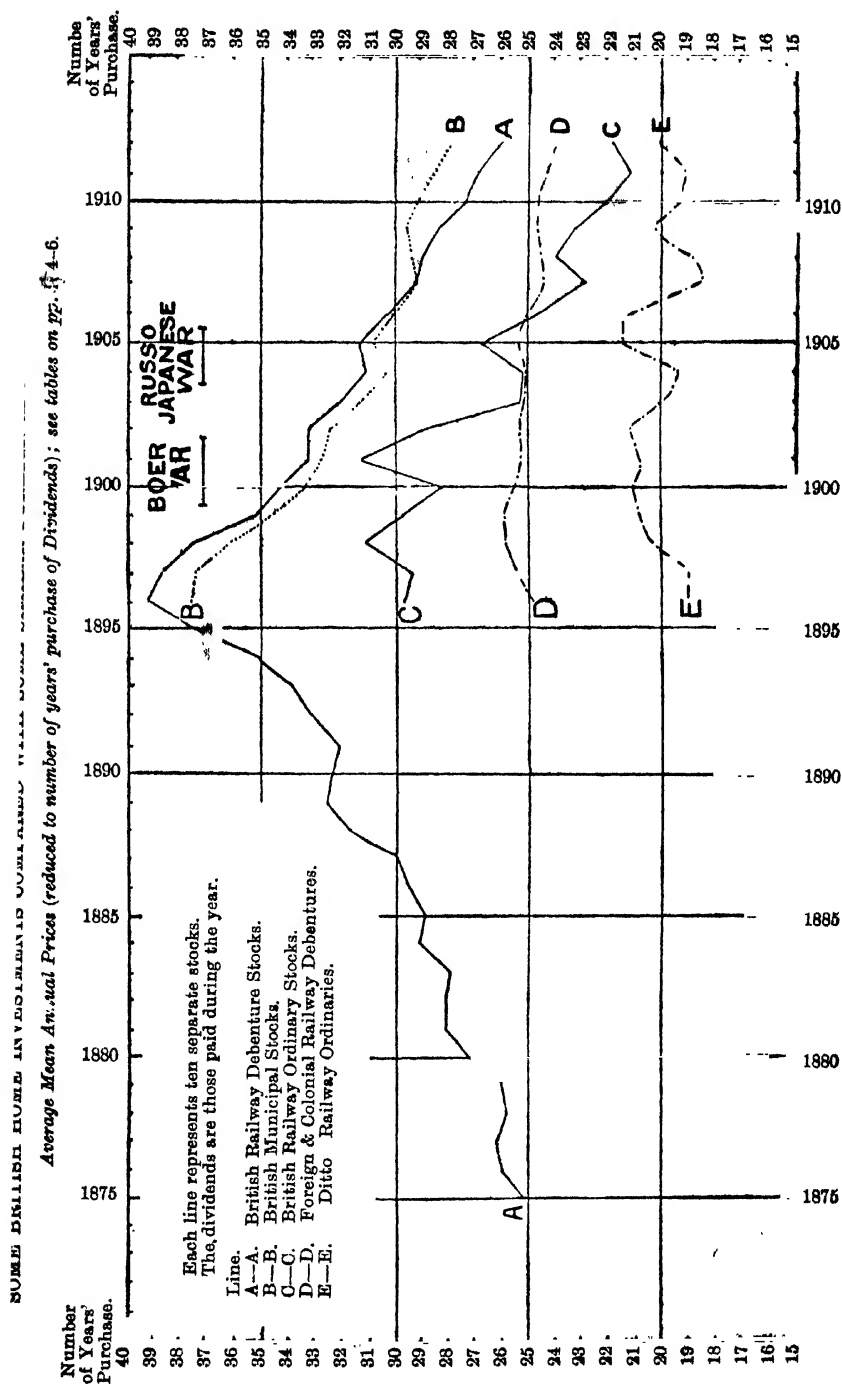
Dividends and Mean Prices. FOREIGN AND COLONIAL RAILWAY
ORDINARY STOCKS AND SHARES.

	1896.	1901.	1906.	1911.	1912.
1. Canadian Pacific ... {	2:00	5:00	6:50	10:00	10:00
	58:06	104:50	184:94	227:69	258:62
2. Chicago, Milwaukee and St. Paul ... {	4:00	6:00	7:00	7:00	5:00
	72:37	171:31	178:50	122:94	111:00
3. Illinois Central... {	5:00	6:00	7:00	7:00	7:00
	98:69	143:81	179:81	143:44	184:62
4. New York, Cent. and Hudson's River ... {	4:00	5:00	5:25	5:00	5:00
	96:06	160:50	145:12	111:50	116:81
5. Pennsylvania ... {	5:00	6:00	6:50	6:00	6:00
	116:12	154:25	139:12	128:37	126:75
6. Buenos Ayres Great Southern ... {	5:50	7:00	7:00	7:00	7:00
	130:12	137:75	133:69	121:37	125:25
7. Buenos Ayres Western {	6:00	6:00	7:00	7:50	7:00
	120:62	104:69	131:12	128:37	127:19
8. Central Argentine .. {	2:50	3:75	6:00	6:00	6:00
	64:25	65:87	115:87	107:44	107:31
(a) Rio Claro San Paulo ... {	14:00	14:00	14:00	13:50	6:00
9. (b) Great Western of Brazil ... {	(a) 231:87	(a) 244:68	(a) 262:50	(a) 257:50	(b) 105:81
	14:00	10:00	12:00	13:00	18:00
10. San Paulo (Brazilian) {	195:62	151:50	207:19	209:56	234:50
Aver- age of { Dividend, per cent.	6:200	6:875	7:825	8:200	7:200
the { Price	117:878	143:886	167:786	155:818	144:736
Ten { Yield	5.5.2	4.15.6	4.13.3	5.5.3	4.19.6
Years' Purchase	19:0	20:9	21:4	19:0	20:1

The dividends are those paid in the year.

A slight error in the 1911 figures in Table V. has been corrected. The diagram which appeared a year ago is brought up to date on p. 287.

The added figures in no way alter the effect of those which precede them. British Railway Debenture stocks and British Municipal stocks have continued their decline, and there is still no sign of any change for the better. British Railway ordinary stocks have likewise continued to fall in price, though, through strikes having reduced dividends in a higher ratio, "years' purchase of dividends" in their case shows an increase. Foreign and colonial railway debentures have declined, but to a smaller extent than the corresponding British stocks; while the rise in "years' purchase of dividends" observable in foreign and colonial railway ordinaries is due more to rise in price than to fall in dividend. Thus the problem remains a double one—we have not only to deal with a movement adverse to British home investments, but with one in which foreign and colonial investments share, if at all, only to a less extent.



The effect of "redemption" upon the averages shown in the tables, and therefore upon the lines in the diagram, has been carefully looked into. Some of the investments in Tables II. and IV.—British Municipal securities, and foreign and colonial railway obligations—are either in process of redemption or liable to be redeemed at future dates. A comparison of the prices of these with the prices of the others in the same groups shows that the effect of redemption is not, in any case, great, and as it operates in both directions—in some cases raising, and in others depressing, prices—the net effect upon the averages, and therefore upon the lines in the diagram, is negligible. So also as regards the matter of "rights" to new issues (to which reference was made on page 224 of the former article), an examination of the effect of not taking account of them in the tables has been made, with the result that it is clear that to include them would be extremely difficult, and that, even if it could be satisfactorily accomplished, it would merely widen to some extent the space in the diagram between the lines C-C and E-E. No alteration of the diagram, therefore, is called for on account of either "redemption" or "rights," and its lessons remain unimpaired.

Professor Cohn, in the *ECONOMIC JOURNAL* of December last, mentions the previous article generally with approval. He finds it "very justly maintaining" that the price movements of our home investments cannot be attributed to the fortunes of our political parties; "on the right track" when it says that the Colonial Stock Act is not the cause of the depreciation, and when it draws attention to the flow of British capital to other countries; and of the movements themselves he says, "these movements in the various kinds of investments are accurately illustrated by means of instructive tables." But he complains that the parallel which he sees between the movements of British Government securities and those of the securities of foreign states has not been noticed by the writer.

Professor Cohn finds "the pith of the matter" in the "identity" of the fate of German, French, and English State securities. The writer, on the other hand, finds it in the "exceptional" fate of British home investments when compared with similar foreign and colonial investments. Which field offers the better chance of finding "the pith of the matter"—the "State" or the "other" investment market—is no doubt open to discussion. Admitting the great importance of the market for State securities, is it not at least possible that the other markets, with their superior facilities for grouping, and their comparative remoteness from political

influences, afford the better field of study as regards the past? And when the survey is extended "to the future and to the coming movements in prices," are we not likely to get the better guidance from markets which possess these advantages? It is from considerations of this kind that the writer has been led to leave the "State" market to others.

Professor Rist, in the *Revue Economique Internationale* of March last, expresses surprise that the previous article regarded the depreciation of British home investments as exceptional, but he entirely ignores the evidence cited in support of that statement. The tables and the diagram require more consideration than he seems to have given them. How does he explain, for instance, the enormous difference between the two lines *C-C* and *E-E* in the diagram? His article goes a long way to prove that France has been very prosperous during the past fifteen years, and that as a consequence French investors have been attracted by her industrial and commercial issues. It is good that France has prospered, but it does not follow that Great Britain has been equally fortunate. There is, indeed, as will appear later, grave reason to fear that she has not.

Other writers—notably Professor R. A. Lehfeldt, and M. Paul Leroy-Beaulieu, the former in the Royal Statistical Society's Journal, and the latter in *L'Economiste Français* (of January last)—have been dealing in different ways with the subject of falling prices in the investment markets, and their writings are of much interest. But they have not said anything which seems in the slightest degree to shake the evidence of the tables given above.

The conclusion reached, on other evidence, in the previous article—that "the exceptional decline in the value of British home investments synchronises with, and may be very largely due to, exceptional competition, first in the iron trade and afterwards in other manufacturing trades of this country"—may seem falsified by the many reports of general prosperity during 1912, but signs are not wanting that, so far as the trades referred to are concerned, the prosperity is apparent rather than real. No figures—official or otherwise—are available whereby industrial profits can be accurately measured; but now and then light is shed on the subject, and on October 5th last two speeches were reported from which something may be learned. Mr. W. Peter Rylands, at the ordinary general meeting of the Pearson and Knowles Coal and Iron Company, Ltd., is reported as saying

that "during the last few years he could not call to mind one single new company carrying on a similar business being started in the iron and steel trade. He had known plenty of companies go down, crushed, doubtless, by the burdens which had to be borne by the industry. Two or three companies had closed down during the last few months, tired of struggling, and had gone into voluntary liquidation. No new company could start with any hope of success under existing conditions. . . ." This points unmistakably to a loss of capital and resources which, in any general estimate of national prosperity, must be written off against the profit made by similar concerns elsewhere. The other speech was by Lord Aberconway at the annual meeting of the Sheepbridge Coal and Iron Company, Ltd., who gave figures which showed that the pig iron output of that company had about doubled during the past twenty years. The capital had, he said, remained "practically the same" during that period, and the dividend had "kept up." If this condition of things applies to our coal and iron trades generally, it would seem that those of our mining companies which remain at work are exhausting their resources, and therefore what remain of the mineral resources of the country, twice as fast as they were twenty years ago, without improving their profits in doing so. Regarded in the light thrown upon them by these two speeches, the Board of Trade figures, whether we take them from "Iron and Steel, 1911" or from other returns, are certainly not calculated to inspire one with confidence in the strength of our manufacturing position, based as it is so largely upon our mineral resources. A glance at the figures given us by the Director of the Census of Production shows how completely, if we omit trades occupied in housing, clothing, and feeding the people, our industries are built upon our coal and iron. How far we can find profitable employment for our people if our iron mines fail us is problematical. We are, it is said, more and more devoting ourselves to high-class manufactures, and so long as that field is open to us we can, no doubt, provide good careers for those who qualify themselves for such work, even if we are compelled to import pig-iron. But meantime the continued drift of both capital and labour to the colonies and to foreign countries indicates that emigration presents to both the expectation of a higher reward than is obtainable by remaining at home—in other words, that competition is so severe in this country that both capital and labour are running away from it.

A STOCKBROKER

AMERICAN AGRICULTURAL COMMISSION.

It has been announced in the Press that an inquiry is about to be made on the Continent, and in the United Kingdom, into the organisation of agriculture by a large American Commission, including among its members delegates from most of the States of the Union and from one or more of the Provinces in the Dominion. They will arrive about July 8th in London, and sail from Queenstown on the 18th. The origin, scope, and purpose of the inquiry are set out in a Senate paper (Document No. 1071) ordered to be printed on February 11, 1913. But even those who have seen this Document, if they are not familiar with the sequence of events which led up to the appointment of the Commission may, I think, be assisted in understanding the real meaning of the inquiry by the supplementary information which I now offer to readers of *THE ECONOMIC JOURNAL*.

For the inception of the project it is not necessary to look far back. Towards the end of Mr. Roosevelt's administration a wave of new thought upon the social condition and economic needs of the farming population swept over the United States. Its growth was stimulated by the Conservation movement, the aim of which was to call public attention to the reckless waste of the natural resources of the country by exploiting capitalists, and to promote legislation to restrain it. In the course of the discussion it was frequently pointed out that by far the greatest national waste was to be found in the depletion of the fertility of the soil. Already the effect of bad husbandry was seen in the declining exports of agricultural produce. In the next few years, unless some radical change takes place, the United States will have to import some of its staple foods. The rising cost of living—the most vital question of the day in that country—is attributed by many to a faulty agricultural economy, the chief defect of which is the total lack of business organisation amongst those engaged in producing the nation's food. This disadvantage, under which these workers labour, is accentuated by the high degree of perfection attained in the organisation of other American industries, since in their mutual transactions organised interests prey upon the unorganised. Upon an unsound economic foundation no prosperous social life can be built up.

Whatever may be thought of such generalisations, it cannot be denied that, despite its unique physical opportunities, American agriculture, both as a social and as an economic force, is unnaturally and unnecessarily depressed. The thinkers of the towns are

becoming more and more alive to their ultimate dependence upon the welfare of the farmers, and for the first time since the industrial revolution public opinion is beginning to give to agriculture its proper place in the national economy. This is, I think, a substantially accurate description of the state of facts which was held to need the serious attention of thoughtful men in the United States.

The first serious attempt to initiate a scheme of rural betterment was the appointment in 1908 of the Country Life Commission. This body held sittings, to which all and sundry were invited to come and give evidence as to local agricultural conditions, in almost every State in the Union. They published a report which did not immediately lead to action, but set people thinking. The daily Press and the popular magazines took up the "back-to-the-land" cry. The Federal Department of Agriculture, the universities and agricultural colleges, the churches and many other agencies of social progress, agitated questions of rural economy with increasing activity.

In April of last year an important and representative convention was held at Nashville, Tennessee, under the auspices of the Southern Commercial Congress—an Association of public men drawn from sixteen of the Southern States. Persuaded, I think it may be said, by the eloquent advocacy of Mr. David Lubin, the United States delegate to the International Institute of Agriculture in Rome, those present came to the conclusion that a reform in agricultural credit would practically solve all the serious difficulties which beset the farmer. The resolutions adopted at this convention called for the appointment of the Commission, for which the United States Senate subsequently bespoke diplomatic courtesies abroad.

The movement grew in popular favour. Each of the three parties in the presidential campaign included agricultural credit as a prominent part of their constructive policies. On December 7th, President Taft convened a meeting of Governors at the White House to discuss the project, at which it was decided to commend it to all the States. The appointment of delegates thereupon commenced, and the Southern Commercial Congress set about making the arrangements for the European tour.

Meanwhile economic thought, aroused by a state of facts above indicated, progressed rapidly, and a mere inquiry into agricultural credit no longer satisfied those who had adopted the new conception of the proper place for the country's basic industry. Moreover, the popularity of the project was being threatened by

doubts, expressed in many quarters, as to whether agricultural credit—a highly technical subject on which there is abundant and excellent literature—was one which could be hopefully investigated by such a body as was proposed in a summer tour. It was therefore decided by the Southern Commercial Congress to instruct the Commission, instead of treating agricultural credit as the dominant, if not the only, factor in the development of rural life, to inquire into and report upon the entire organisation of the farmers' business in the countries to be visited. This change of procedure was approved by Mr. Taft, the then President, and was strongly endorsed by President Wilson and ex-President Roosevelt.

Readers of *THE ECONOMIC JOURNAL* will be chiefly interested in the concluding ten days of the European tour, which will be spent in the United Kingdom. Had the inquiry been, as originally projected, restricted to agricultural credit, little would have been learned in these islands. Indeed, there is only one issue within the scope of their inquiry, broadened, as has been explained above, upon which the Commission is likely to obtain valuable assistance. On this issue a few words may be usefully added.

By the time they arrive in England, the Commission will have learned the essential difference between the agricultural economy of the Continent, on the one hand, and that of the United States and other English-speaking countries on the other. It lies in the organisation of the farmers' business. In the former countries farmers have learned that methods of combination can be applied to agriculture as to all other important industries, provided the co-operative is substituted for the Joint Stock system of organisation. That lesson has been gradually learned by some of the farmers of the United Kingdom, first in Ireland, then in England, and later still in Scotland; it will also have to be learned in the United States. It is highly probable that the chief subject of inquiry over here will be the methods by which the English, Scottish, and Irish organisation societies are endeavouring to develop agricultural co-operation among the farmers of these islands.

HORACE PLUNKETT

THE GENERAL STRIKE IN BELGIUM.

THE general strike which took place in Belgium from April 14th to 25th, 1913, was entirely political in character. It arose out of the feelings of exasperation which animated the Liberal and Socialist Opposition, after the elections of June 2nd, 1912, had resulted in a triumph for the Catholic Government so overwhelming as to surprise even the victors. The *mot d'ordre* of a "general strike for universal suffrage" went forth from the Socialists of Hainaut; and an Extraordinary Congress of the Labour party, which was held on June 30th, 1912, accepted the idea with enthusiasm, entrusting the arrangements for its execution, including the choice of a suitable date, to a National Committee.

As soon as the Parliamentary Session had opened in November, notice was given by the Socialist deputies of a motion for the amendment of the Constitution, by which universal adult suffrage should be substituted for the system of plural voting actually in force. The motion was not debated until January. The Government was able to command a majority sufficient to carry the adjournment of the whole question, and even refused to appoint a Commission of Inquiry, as proposed by Monsieur Hymans, the leader of the Liberal Opposition. Not till then did the National Committee decree a strike, to begin on April 14th, 1913. The Mayors of the principal provincial towns thereupon undertook to mediate between the Prime Minister and the leaders of the Labour party. They expressed belief that the Government would be willing to appoint the desired Commission, if the threat of a strike was withdrawn. Accordingly, the Strike Committee resolved on May 8th to abandon the strike. The Prime Minister, however, did not consent to extend the scope of the proposed Commission to the Parliamentary franchise, and announced his intention of confining it to the amendment of the municipal and provincial franchise. Discontent broke out with renewed force in Socialist circles, and in spite of the opposition of accredited leaders such as MM. Vandervelde and C. Huysmans, the Congress held on March 24th resolved, by a large majority, on a strike to begin on April 14th.

I have called attention to these preliminary delays in order to show that although the strike had long been agreed upon, the preparations were hampered by successive periods of uncertainty. The only resources available were the workmen's individual savings and the subscriptions of a few middle-class sympathisers.

It is a matter of common knowledge that the Belgian *Syndicats ouvriers* have no reserves at all comparable to the funds of English Trade Unions; moreover, for fear of exhausting their fighting forces for a long time to come, it had been decided that the ordinary funds should not contribute to the expenses of the strike.

The period of time immediately preceding the stoppage of work is particularly interesting from the point of view of social psychology. An intense and widespread uneasiness made itself felt throughout a great portion of the population, especially in the large towns and industrial districts. Catastrophes, violence, and terrorism were predicted by some; others were sure that the strike would be a miserable failure; all, whether openly or secretly, took elaborate precautions. There was not a middle-class housewife but laid in a stock of coal and provisions, and many supplied themselves out of all proportion to the danger. In fact, there was a very extraordinary panic before the event. Manufacturers, too, tried to guard against the consequences of the strike by such arrangements as were necessary to meet a temporary stoppage, and by precautionary measures for the protection of their goods and premises. It was these precautions which, to a certain extent, averted the disasters which a sudden, unforeseen stoppage could not have failed to bring about.

We may venture on the assertion that the strike attained the maximum proportions anticipated by anyone acquainted with industrial conditions. No official statistics were published, and none need be expected. The "Ministère de l'Industrie et du Travail," which keeps a careful record of the numbers concerned in stoppages, and of all the incidents of ordinary strikes, decided to leave out of account a strike whose aim was purely political. We must therefore fall back on the statistics published by the two parties, which cannot, from the nature of the case, be accepted as impartial. Taking the most trustworthy calculations, the total number of strikers at the outset was nearly 300,000, and the maximum of nearly 400,000 was reached on April 19th.

As the total working population of the country is estimated at over a million, those who expected a *universal* stoppage could fairly declare that the strike had failed. But it is clear that neither the small independent workers, nor those engaged in home industries or in agriculture, can have contributed any appreciable contingent to the body of strikers. Nor, with the exception of the port of Antwerp, were the transport industries much affected; there was no stoppage of the State railways, nor interruption in the tramway services; and the public gas and electric works

scarcely suffered. On the other hand, all the great manufactures were paralysed. If we estimate that these absorb 700,000 work-people, the strike certainly withdrew one half of them. The stoppage was practically universal in all the collieries in the districts of Liège, Charleroi, in the midland districts and in the Borinage. The great metallurgic factories were reduced to complete inactivity or to the most trifling output. Even working-class groups, which were not officially connected with the Labour party, and which do not always obey the word of command, such as the glass workers of Hainaut, and the woollen unions of Verviers, threw in their lot with the strikers. The Brussels compositors, after refusing to stop work, were drawn into the movement after the second week—though the only large daily paper which was prevented from going to press was the *Peuple*, the organ of the Labour party.

Although, therefore, the economic life of the country was not brought to a standstill, and although the immediate needs of the nation were supplied, yet large-scale production was completely arrested. The industrial centres of Liège and Charleroi offered an impressive spectacle—smokeless chimneys, noiseless workshops; the Black Country had become green and clear, but over it brooded the silence of death. The port of Antwerp, with only half its usual consignments and gangs of casual lightermen, seemed an organism whose life was ebbing from it. All retail trade, and, oddly enough, the life of the streets, the traffic of the restaurants and cafés, the patronage of the picture theatres, were visibly diminished.

The records of the number of railway carriages in use on State railways, which are published weekly, afford a remarkable testimony to the state of affairs:—

<i>Week.</i>				<i>No. of carriages employed in transport of</i>	
				<i>Coal and Coke.</i>	<i>Other Goods.</i>
April 14—20, 1912	...	...	...	27,694	87,613
April 13—19, 1913	..	...	...	7,200	70,402
Decrease	...	...	...	20,494	17,211
April 21—28, 1912	...	...	...	26,280	88,914
April 20—27, 1913	...	...	...	9,145	70,550
Decrease	...	...	...	17,085	18,364
Total decrease in the fortnight				...	73,154

It would be interesting to know what decrease took place in the number of workmen's weekly passes; but this, unfortunately, the Ministry refuses to divulge.

It would be premature to attempt any estimate of the direct losses suffered by the working classes and by trade. The figures of Fr.10,000,000 to Fr.12,000,000, lost in wages during the first week, would appear to be a moderate estimate. The indirect losses are incalculable; retail trade has been suffering for two or three months, and export trade has received a serious blow, the effects of which have yet to make themselves felt.

The political consequences of the strike have been considerable. From April 16th, when Parliament reassembled, the strike completely monopolised its attention. It was hotly and continuously discussed. And the Prime Minister, reverting to a previous declaration, eventually admitted, in the course of the debate, that the Commission which would be appointed to discuss the amendment of the municipal and provincial franchises, might also occupy itself by "talking" of the parliamentary franchise. The point was skilfully taken up by the Opposition, and the declaration was considered satisfactory by the Socialists. It was made the subject of an order-of-the-day, which, while condemning the general strike, nevertheless aroused a hope that the desired amendment of the constitution was in sight. A Socialist Congress, summoned as a matter of urgency on April 23rd, decided on the resumption of work, which took complete effect on the 28th.

There can be no doubt that the Labour party emerges from this experience with enhanced reputation. It has given evidence of a remarkable control over the working population, and ability to enforce discipline and exact considerable sacrifices for the sake of political reform. It has given proof of conspicuous organising power, and has gained much prestige from the fact that the strike remained everywhere from first to last completely peaceable, in spite of the fact that the entire country was covered with troops. Monsieur Vandervelde was justified in the statement that the strike had surpassed all the hopes that had been entertained.

The impartial observer, however, cannot fail to think with apprehension of the future. It is clear that the temptation to repeat this kind of experiment will henceforth be very strong; and we may well ask with anxiety what irreparable misfortunes such events might not bring in their train, if they were frequently repeated.

E. MAHAIM,

*Correspondent of the Royal Economic
Society for Belgium.*

Liège, May, 1913.

THE RAILWAY AND CANAL TRAFFIC ACT, 1913.

AFTER a delay extending to almost two years, this Act, which is intended to redeem the promise made by the Government to the railway companies at the time of the Railway Strike, has been passed. For a number of years the railways have suffered from steadily rising costs of working, and owing to the conditions laid down in the Railway and Canal Act, 1894, they have not been free to advance rates to meet the growing costs. The railways have gradually become less and less profitable, and have found an ever-growing difficulty in raising the capital necessary to an expanding business on terms which would make its employment profitable. Improved methods of working have done something to relieve the situation, but the demands of labour have kept pace with such improved methods, and even threatened to absorb more than the whole gain.

It was evident that some modification of the Act of 1894 was necessary. That Act, compelling the railways to justify any increased rate by proving that the amount of the increase was reasonable, has been interpreted by the Railway and Canal Commissioners in a narrow way. Practically the only proof accepted has been evidence of increased costs of working the particular traffic. Except in the case of a commodity like coal, which is worked in train-loads, the requirement is almost impossible to fulfil. The result has been that rates have become stagnant. The railways will not, or rather dare not, lower them, unless the results from so doing are practically known.

To some extent the new Act should relieve the position. For the future, in so far as increased expenses are due to improvements in the conditions of employment of their servants, it will only be necessary for the railways to show that the advances in rates are to meet such expenses, and in the total are not more than reasonably sufficient for the purpose. At the present time wages account for about 45 per cent. of the railways' annual expenses. So, if rates can rise and fall with wages, there will be far less reason for the railways to hesitate about lowering rates experimentally. To some extent the Act should restore the elasticity to rates, which they have lost since 1894.

Whether it will do so or not depends largely on the interpretation that the Railway and Canal Commissioners put on two conditions in the Act. Clause 1 (*d*) lays down that the proportion of the increase allocated to the particular traffic must not be unreasonable. What proof that it is not so the Commissioners will require

it is impossible to say at present. Then the Commissioners are authorised to take into account "*any circumstances*" that are relevant to the determination whether an increase of rates or charges is or is not greater than is reasonably required. This is understood to mean that economies due to improvements in methods of working or in appliances may be taken into account. Thus the rates of locomotive men's wages have advanced about 15 per cent. during the past ten years, but owing to larger engines the total expenditure on locomotive men's wages has not increased as fast as the growth of traffic. It is conceivable that the Commissioners might decide that this was a circumstance which they might take into account to the extent of ruling locomotive wages off the bill. If that were done, then it would be very like putting a premium on bad working.

A very great deal turns on the way in which the Commissioners settle the questions raised by these two clauses. Given a broad commercial interpretation, the Act may do much to restore elasticity to rates, and if it does this it will be good for both the railways and trade. Given a narrow interpretation on the lines of that given to the Act of 1894, then this Act will do little to improve the position. It will not be long before the position is known with certainty. The railways have given official notice of their intention to increase rates for merchandise by 4 per cent. from the 1st July. There are clear indications that in many cases the increases will be resisted, and doubtless the Commissioners will be called on to decide between the contending parties.

W. TETLEY STEPHENSON

A REPLY TO MR. ACWORTH'S REVIEW OF PROFESSOR
C. L. RAPER'S "RAILWAY TRANSPORTATION."

MAY I make a reply to Mr. Acworth's review (ECONOMIC JOURNAL, December, 1912) of my book, "Railway Transportation: A History of its Economics and of its Relation to the State"?

The plan and scope of a book should always be, I think, in view when its merits or defects are judged. It was thought best to make my volume a very small one—of only about 300 pages—though it must cover a wide scope. This meant that it could not be exhaustive, and that each statement must include the maximum of fact and interpretation. Such a book must contain some inaccuracies and some statements too concise to be entirely clear when read by themselves. These limitations Mr. Acworth

has not, I think, taken into consideration. His criticisms are, therefore, too severe, as I hope to show.

He says that my statement (p. 22) "that there was really no effective competition between the parallel lines of railway" (British, 1872) is inaccurate. Let me quote the entire sentence from which the above is taken: "This committee (of 1872) found . . . that practically no competition in railway rates existed, that there was really no effective competition between the parallel lines of railway, only between the railway and ocean water transportation." The clause which Mr. Acworth quotes should be judged in its setting—not as a separate sentence. If there was no competition between the railways in their rates, that of their facilities could not mean much to the shippers. The Joint Committee (of 1872) made these two statements: "United systems now exist, constituting by their magnitude and by their exclusive possession of whole districts, monopolies . . ." and "There can be little doubt that effective competition does exist between places between which there is transit by sea." The Committee certainly left the impression that the railways were largely monopolistic, and that there could be doubt about the existence of any "effective" competition between them.

Mr. Acworth is entirely correct in one criticism—that of the coal tonnage (British) in 1852 and 1882 (p. 27). The stenographer who made a typewritten copy of my manuscript left out, by mistake, this phrase: "from the Midlands and the north of England to London." I examined the copy with the utmost care, but this error was not detected. The sentence should read, and will be made to read: "The canals of England and Wales carried, from the Midlands and the north of England to London, 33,000 tons of coal in 1852, only 7,900 in 1882, while for the same period the coal tonnage of the railways increased from 317,000 to 6,546,000."

Mr. Acworth thinks my statement (p. 29) that the "Briton, in our year of comparison (1900) travelled on an average about 245 miles" is incorrect. He estimates it at about 370. The British facts are so meagrely published, that neither of us can have a strong case of inaccuracy against the other; we both can only make estimates. I find that "Passenger Traffic and Rates"—an excellent work by W. E. Weyl—gives (pp. 88-9) the figure at about 245.

Just what the exact average of actual passenger rates in Great Britain has been since 1897, I do not know. I state (p. 34—Mr. Acworth says p. 24) that it has been perhaps as small as 1.75 to

2 cents. Mr. Acworth thinks it has been between 1 and 1·2 cents. Here again absolute accuracy is impossible; one can only make estimates. If Mr. Acworth's figures are correct, a large part of all the travel has gone at a rate far below 1 cent, which I doubt. The four sets of fares from which he makes his average are not, I think, typical of the whole British service. If the British average (of only three classes) has been between 1 and 1·2 cents, it has been almost as small as that of the Prussian State railways (with four or five classes), which was 1·01 cents in 1900 and '89 in 1909; and the Prussian rates have been notable for their smallness. From 5 to 9 per cent. of all the British travel has gone first and second class, with standard rates at about 4 and 2·5 cents, with an average of actual rates as high as 2 cents, and higher. From 91 to 95 per cent. has gone at a standard rate of 2 cents—at an actual rate considerably smaller. Let us suppose that one-half of the travel has been at, say, 2 cents, then the other half has paid no fare if the average of actual rates of all the travel has been only 1 cent; and it has paid only 1·4 cent if the average of actual rates of all the travel has been only 1·2 cents. Now the fact seems clear that a very considerable part of the travel has paid the standard rates, and that the remainder has paid rates less than the standard by from about 20 to 50 per cent.

On p. 39 is this statement: "In the new classification and maxima (1891-2), a number of commodities were not specifically mentioned; and upon these the railways at once advanced their rates over the old ones, some of which had not been changed for many years." Mr. Acworth thinks that I entirely misunderstand what happened, and that I give the impression that the railways acted illegally in increasing some of their rates. What is there in the above statement and in the whole paragraph from which it is taken to suggest that I accuse the railways of illegal action? Most certainly they had the legal right to advance their rates, by any method, to the new maxima. Their method was in this case to delay to reissue the old special commodity rates for 2-ton or 4-ton lots. I am inaccurate in saying that "a number of commodities were not specifically mentioned"; the railways now charged certain commodities, which had been shipped at special commodity rates, the maximum class rates.

Mr. Acworth cites two instances of inconsistencies: "The new maxima (1891-2) established standards for all class rates, beyond which any rate would be *prima facie* unreasonable and illegal" . . . and "The maxima were an absolute limit, beyond which

rates could not legally go" (p. 57). Are these statements, made in different places, really inconsistent? I find that jurists assign three meanings to the phrase *prima facie*; one is that of practical equivalence to *ipso facto*. I make such a use of the phrase, and I find such a use made by the Railway and Canal Commission. Again, are the following statements really inconsistent?—"It will be seen from the above table of maxima (this part of the sentence Mr. Acworth leaves out), that the actual rates are not much less." . . . and "Much of the British freight moves, not at the standard rates, but at special commodity rates, which are materially lower than the class charges" (pp. 42-3). The first statement is made, as the context shows, in connection with maximum class (standard) rates, and does not at all refer to commodity rates (reduced rates granted upon the condition of larger shipments than the piece shipments). The second statement refers, as the context shows, exclusively to special (commodity) rates for larger lots, and to these shipments the maximum class rates really do not apply.

Mr. Acworth thinks that I am not trustworthy in the chapters which treat of the United States. He cites two inaccuracies. He thinks my statement (p. 187): "There have been many thousands of owners of the capital of each of these groups (geographical groups of railways), but the controlling personalities have for a few years been those who hold large stock in the systems known as the Vanderbilt, the Pennsylvania, the Morgan, the Hill, the Harri-man, the Gould, and the More" is incorrect. He, I feel sure, misunderstands the statement. It does not say, or even intimate, that the Pennsylvania has been dominated by Wall Street, as he reads my statement to say. The statement comes after one which tells of the geographical grouping of the railways of the United States, and must be interpreted in connection with it. I merely say that the larger shareholders of the Pennsylvania determine for the most part its policy and management, and that it has powerful influence in the "Trunk Line" territory. The fact that the Pennsylvania has 70,000 (75,000 is the accurate number) shareholders, as Mr. Acworth notes, does not mean that a comparatively small number of them cannot and do not really control its management. The vast majority of its shareholders have no really active interest in its management—only in the fact that the system shall be prosperous so as to pay dividends. Its directors are, to be sure, freely elected by the shareholders, but it is also true that the majority of these vote in a really perfunctory manner. The U.S. Steel has as many as 105,000 stockholders, but a small number control its management.

Mr. Acworth cites the statement that "The railways of the United States had in 1907 a ton-mileage approximately six times that of the British" (p. 225) as proof that I am not trustworthy. He thinks that it was approximately eleven times. His criticism in this instance only goes to show that the British facts are so meagrely published, that even he—England's great student of railways—is somewhat at sea. I note that "Railroad Traffic and Rates," by Johnson and Huebner—the most authoritative American work—makes practically the same mistake as I do (Vol. 1, p. 4).

Since Mr. Acworth has placed his emphasis upon the chapters devoted to Great Britain and the United States, I have replied to his criticisms of these, and to the more important ones only.

Has Mr. Acworth really proved his case that the book has too many inaccuracies? Has he really proved its value as a very concise general statement of the economics and the politics of railway transportation less because of some inaccuracies? I would, however, prefer that my book be shown to be inaccurate in some of its statements—yes, in many—than that I should in making reply show myself unfair in a single instance to Mr. Acworth.

CHARLES LEE RAPER.

LET me first thank Professor Raper for the most courteous tone of his reply. I trust that my criticisms embodied no personal discourtesy to him. If they did, I am heartily sorry. Whether my criticisms were "too severe," the readers of the Journal must judge for themselves. Without going so far as to adopt Jeffrey's attitude, *Judex damnatur cum nocens absolvitur*, I still cannot think that it is the duty of a reviewer to send back a book unreviewed because he cannot speak favourably of it.

Having now read Professor Raper's reply, I do not feel able to withdraw what I have said. But it would not be fair to occupy space in the Journal by a rejoinder in each of the cases that he deals with. And I must leave it to anyone who is sufficiently interested to collate for himself Professor Raper's original statement, my criticism, and his reply. I will, however, deal with just one instance, the last that he refers to. Professor Raper writes :—

"Mr. Acworth cites the statement that 'The railways of the United States had in 1907 a ton-mileage approximately six times that of the British' (p. 225) as proof that I am not trustworthy. He thinks that it was approximately eleven times."

What I said was, not that I thought his estimate inaccurate,

but that "on his own figures the English ton-mileage is not approximately one-sixth, but approximately one-eleventh of the American." His own statement was: "The railways of the United States haul upon the whole a tonnage practically two times that of the British. . . . The typical haul per ton upon all the railways [of the United States] was 254 miles in 1910. . . . It is approximately 31 to 50 miles in Great Britain." Taking the tonnage as double, if the haul be eight times as long, the ton-mileage is sixteen times as great; if the haul be five times as long, the ton-mileage is ten times as great. It cannot be approximately six times.

I am sorry to say that I still think the book "has too many inaccuracies," and that "its value is less" because of them.

W. M. ACWORTH

OFFICIAL PAPERS.

Report of an Enquiry into Agricultural Credit and Agricultural Co-operation in Germany. By J. R. CAHILL. [Cd. 6626.] 1913. Pp. xxxvi + 528. Price 5s.

NONE too soon has the Board of Agriculture and Fisheries taken in hand the task, more than once pressed upon it, of ascertaining by inquiry on the spot the condition of that co-operative organisation of agriculture to which some foreign countries are known to owe a prosperous state of rural economy such as we ourselves may well envy. The same matter has been dealt with before by unofficial pens. We have also had various Blue Books compiled by diplomatists who, in the words of the late Sir Dominick Colnaghi, at that time Consul-General at Florence, were fitted for the office neither by special knowledge nor by sufficient leisure. The value of such reports is trifling. The masterful report by Sir F. Nicholson on Co-operative Credit, indeed, stands out luminously as a bright success among many failures. However, that report deals with credit only; it was written for India, and conditions have materially changed since it appeared in print. Non-official accounts, although probably affording pleasanter reading, can never attempt to give such minute information—on laws, rules, methods, and the like—as an official publication has space for. But these details are just what make information valuable for practical purposes.

In addressing itself to its new task our Board of Agriculture has rightly singled out Germany for its first inquiry. For it is

in Germany that, up to now, co-operation in the service of agriculture—and more specifically that *cheville ouvrière* of all co-operation, as the late Léon d'Andrimont has styled it, that is, co-operative credit—has attained its highest level and produced the most conspicuous results. And the Board has been fortunate in securing for its research the services of so unquestionably competent and remarkably painstaking a representative as Mr. J. R. Cahill, who had already given proof of his capacity in several similar publications. There are various points which an *homme du métier* could have wished to see treated in a rather different fashion; and however great be the pains that the inquirer has taken, and however precise may have been his study of things on the spot, to a certain extent his tale is bound still to remain a *relatio relatorum*, in which the one-sided opinions of informants necessarily colour his judgment. However, such dubitable points are mere specks in the general production, which may safely be recommended to our agricultural authorities, our would-be organisers of agricultural co-operation, and our agriculturists as a whole, for careful study as an undoubtedly valuable and trustworthy guide.

The arrangement of the matter is likewise convenient and perspicuous. However, its very merit on practical grounds lessens its value a little in this respect that it tends, while minutely and very accurately describing methods, to some extent to obscure underlying principles, which in this case are of prime importance. The author describes methods of the "General Union," the "Imperial Union," and other "Unions" in turn, so as almost to suggest that such methods may be interchangeable parts. And the "multitude of counsellors" of the "Imperial Union" whom he has consulted, seem to have inclined him rather in favour of that body, which has, indeed, "great battalions" to show, but which possesses no common principle and which recent events have demonstrated to be dangerously dependent upon State help. So it is in respect of that mere handful of rural societies with limited liability whose principle the very leaders of the Union concerned repudiate and whose methods presuppose conditions (such as access to the income-tax registers) which are to be met with only in Germany. Limited or unlimited liability, large or small working districts, inquiry or non-inquiry into the object of loans, and whatever else there may be, are all integral pieces of one system or another, the underlying principle of which consistently determines which should be resorted to. Schulze Delitzsch—to whose services to agriculture Mr. Cahill scarcely

does full justice—organised the people with money and with a knowledge of business. Hence the generally “capitalist” colour of his system. Raiffeisen had the small man, down to the very poorest, distinctively in his mind. Therefore he tabooed shares, so far as legislation would permit, and resorted to unlimited liability as a substitute for ready cash—not by any means for the sole purpose of supplying financial “cover,” but rather as a compelling inducement to rich and poor alike to practise the keenest vigilance in respect of even the smallest transactions. The ambition of Haas—an ambition amply fulfilled—was to create a large popular movement, with *large* agriculture prominently represented in it, favoured and assisted by Governments, and therefore political and promoting class interests. So he was driven to running with the hare while hunting with the hounds. To what dangerous extent his societies piled an “intolerable deal” of liability upon a “poor ha’porth” of security, Herr Heuzeroth has shown in a paper read before the Budapest International Co-operative Congress. And the truly dramatic breakdowns of co-operative banks in Herr Haas’ own country of Hesse since Mr. Cahill wrote shows how full of danger is the system carried out on such lines. Those lines include the facile credit in current account without inquiry into its object which appears to commend itself to Mr. Cahill, but which the best authorities view with grave misgivings as likely to lead to loss. It was those abuses which rightly led the Prussian State-endowed Bank to tighten the reins from 1898 onward. But in doing so it went, in its exactions and its ambitions, beyond what Mr. Cahill appears to have been told. The calamitous collapse of the Haas Central Bank has altered the position of things since Mr. Cahill wrote, and thrown fresh power into the hands of the State-endowed Bank, from tutelage under which the “General Union” has deliberately freed itself, from which the Union of “Industrial Banks,” as Mr. Cahill calls it, has expressed its desire to break loose, and from which the “Imperial Union” has laboured since 1898 to make itself independent.

As a trained linguist Mr. Cahill deals with German nomenclature far more successfully than other authors, whose *gauche* translations are often bewildering. But it is a little to be doubted whether under the name of “taxed value” English readers will detect simple “valuation,” and under that of “caution-credit” fidelity guarantee.

But these are trifles. Looking at the Report as a whole it must be pronounced a distinct success, of great value, instructive

and illuminating, trustworthy and remarkably clear in its language.

HENRY W. WOLFF

Departmental Committee on the Night Employment of Male Young Persons in Factories and Workshops. Report.
[Cd. 6533.] 1912. Price 3d. *Evidence.* [Cd. 6711.]
1913. Price 2s. 4d.

THE night employment of children was one of the subjects of the earliest Factory Act. In 1850 the prohibition of the employment of all young persons aged under eighteen between 6 p.m. and 6 a.m. was made absolute throughout the textile trades. But, as the Factory Acts were gradually extended during the succeeding quarter of a century to other industries, exceptions were allowed to the normal extension of the prohibition. These now survive partly in the form of statutory exemptions, and partly in the form of special orders of the Home Secretary, which together have the effect of legalising the employment of boys aged over fourteen, or, in some cases, over sixteen, in sixteen specified kinds of works or processes. In 1911 an order was issued to permit the employment at night of boys over sixteen in the manufacture of artificial silk, which a German firm had decided to introduce into England, partly on account of the new Patent Act regulations. The managing director of the British company formed to carry out the project informed the Departmental Committee that "the work is degrading in its simplicity to full-grown men," and that therefore "night employment is essential" for boys. Protests were, however, made in Parliament against the extension of the principle of night work, and, in consequence, Mr. Churchill appointed a Committee to inquire into the whole question.

The evidence given before the Committee contains a mass of interesting information with regard to the detailed organisation of the trades in question. Glass works appear to be the largest employers of boys in night work, and after them iron mills. The unions in the glass-bottle trade on the whole are opposed to the raising of the minimum age for night employment. The men and boys generally work in groups of four or five, known as "holes" or "chairs," and if labourers were substituted for boys in the unskilled branches of the work, it is feared that the share of the group's piece-work earnings, which goes to the skilled "blowers" and "gatherers," would be reduced. But the secretary

of a union representing the London men favoured the abolition of night work for boys on the ground that it was deleterious to their health. In London apparently employers have taken advantage of the rule permitting the employment of boys at night, to engage them not only for the actual work of making bottles, but also to stoke furnaces. The evidence of another union secretary, who objected to any interference with the night work of boys, showed in a striking way the "blind-alley" character of the glass-bottle trade for boys. In five districts 1545 boys under eighteen were engaged in making bottles, as compared with 2053 men over eighteen. Miss Sanger gave evidence on behalf of the International Association for Labour Legislation, which has been endeavouring for some time to secure an international treaty to prohibit the night work of boys, similar to that which already prohibits the night work of women. It is to be hoped that the conference of representatives of Governments, which is to be held to discuss the problem this year, will succeed in securing effective international co-operation.

The recommendations of the Committee may be summarised as follows : (1) Withdrawal of eight out of the sixteen exemptions from the prohibition of night work ; (2) the raising of the minimum age for night work from fourteen to sixteen in glass works, iron mills, and paper mills ; (3) permission to be granted to employ boys up to 9 or 12 p.m. only in newspaper printing (on two days in the week), china clay works, and electrical stations ; (4) periodical official medical inspection of all the boys aged sixteen to eighteen who are still allowed to be employed at night.

F. KEELING

Report of the Committee of Inquiry into the Conditions of Employment in the Linen and Other Making-up Trades of the North of Ireland. [Cd. 6509.] 1913. Pp. xxviii+191.

THE Report on the Conditions of Employment in the Linen and other Making-up Trades of the North of Ireland is an extremely interesting contribution to the literature of women's work and wages. Many of the processes in these trades, *e.g.*, hand-embroidery, thread-drawing, machine-stitching, are carried on in the homes of women out-workers in Belfast and other towns and villages of the North of Ireland. Very little of the work is really unskilled, and some of it requires a very high degree of skill. But both skilled and unskilled branches are carried on under conditions with which experience of home-work in other trades has made us only too familiar. Long hours of work for a

miserable wage, the employment of children after school hours, and in the country districts the abuses of the truck system, are common features of the industry.

It is true that gross underpayment only exists in certain branches of the trade, and even in these branches many employers appear to pay fair rates. There seems, however, to be a total absence of uniformity in the practice of different firms. One worker alleged, for example, that when working for one firm she could earn at the rate of 2*d.* an hour, but when employed by another firm on exactly the same sort of work, she could only make a $\frac{1}{2}$ *d.* a hour.

The evidence given by employers suggests that they are, on the whole, desirous that their workers should be able to earn a fair wage, (the standard of "fair" appears to be 10*s.* or 12*s.* a week), but sometimes they seem to be ignorant of the amount which a worker of average efficiency can earn at the piece rates paid; in other cases the competition of the less scrupulous employers has forced wages down to what is admitted to be a "sweating rate."

The principal recommendation of the Committee is the application of the Trade Boards Act to certain processes of the making-up trades. To this proposal the employers as a whole have offered no opposition, provided the decisions of the Board apply equally to their competitors in other parts of the United Kingdom.

G. JERR

Report to the Board of Trade on the Industrial Disputes Investigation Act of Canada, 1907. By SIR GEORGE ASKWITH, Chief Industrial Commissioner. [Cd. 6603.] 1913. Price 3½*d.*

THIS Report is the outcome of a visit paid to Canada by Sir George Askwith. It is chiefly concerned with a description and analysis of the Canadian Act, together with some account of the feeling of public opinion towards it in Canada. "The simple purpose of the Act," the Report states, "is to ensure the recognition of the interests of the public, as a third party, in trade disputes, and the insistence that that third party, through the Government, shall have a voice in regard to a dispute affecting their interests." The Act, however, is confined :—

1. To industries whose uninterrupted continuance is of high importance to the well-being of the nation (mining, railways, shipping, and other public utilities.

2. To a brief suspension of the right to stop, as distinct from a complete prohibition of stoppage.

Thus the Act differs essentially from compulsory arbitration.

To quote the Report again : "It does not destroy the right of employers or workpeople to terminate contracts. It legalises the community's right to intervene in a trade dispute by enacting that a stoppage, either by strike or lock-out, shall not take place until the community, through a Government department, has investigated the difference with the object of ascertaining if a recommendation cannot be made to the parties which both can accept as a settlement of the difference. It presupposes that industrial differences are adjustable, and that the best method of securing adjustment is by discussion and negotiation."

In summing up at the end Sir George Askwith gives it as his opinion "that the forwarding of the spirit and intent of conciliation is the more valuable portion of the Canadian Act, and that an Act on these lines, even if the restrictive features which aim at delaying stoppage until after inquiry were omitted, would be suitable and practicable in this country."

Return of Correspondence with the Bank of England and Messrs. Samuel Montagu and Company, relating to the Purchases of Silver in 1912. [H. of C. 400.] 1912. Price 1s 3d.

Copy of Papers, including Communications which have passed between the Secretary of State for India and the Government of India, regarding the question of the Establishment of a Mint for the Coinage of Gold in India. [H. of C. 495.] 1913. Price 6½d.

Memorandum on India Office Balances (prepared under the instructions of the Secretary of State for India). [Cd. 6619.] 1913. Price 2½d.

Report on the Operations of the Paper Currency Department during the year 1911-12. 1913.

THE first three of the above are documents published in connection with the recent Parliamentary attack on the India Office. The fourth, by Mr. E. M. Gauntlett, contains some valuable data, in continuation of Mr. Gillan's report of last year (see ECONOMIC JOURNAL, vol. xxii., p. 145), respecting the present position of the sovereign as a medium of exchange in India. The return which relates to the silver purchases has not much economic interest, apart from the light which it throws on the

organisation of the silver market. The history of proposals for a gold coinage in India contains several documents of historic interest, especially an important despatch from the Government of India to the Secretary of State (August 24th, 1899), acknowledging the receipt of the report of the Fowler Committee, which has not, so far as we know, been published previously. The Memorandum on the management of the India Office balances makes public a good many details for the first time. The student of Indian financial arrangements will find all these documents useful.

Memorandum and Statistical Tables, showing the Production and Consumption of Iron Ore and Pig Iron, and the Production of Steel, in the United Kingdom and the Principal Foreign Countries in Recent Years, and the Imports and Exports of Certain Classes of Iron and Steel Manufactures. [H. of C. 402.] 1913. Price 7d.

To be reviewed.

Report of the Departmental Committee to Enquire and Report as to Buildings for Small Holdings in England and Wales, together with abstracts of the evidence, appendices, and a series of plans and specifications. [Cd. 6708.] 1913. Price 11s. 3d.

A DETAILED report on the best types of houses and farm equipment for small holders, and of cottages for farm labourers. There is a good deal of evidence as to cost from the witnesses, but the report does not generalise in any way about this. A sub-committee visited Sweden and report on what they saw. The plans and specifications at the end are numerous and detailed.

Report of an Enquiry by the Board of Trade into the Earnings and Hours of Labour of Workpeople of the United Kingdom. VIII.—Paper, Printing, etc., Trades; Pottery, Brick, Glass, and Chemical Trades; Food, Drink and Tobacco Trades; and Miscellaneous Trades in 1906. [Cd. 6556.] 1913. Price 2s. 8d.

To be reviewed.

Statistical Abstract for Foreign Countries in each year from 1900 to 1910-11. [Cd. 6698.] 1913. Price 2s.

Return Showing the Average Prices of Wheat per Imperial Quarter in the United Kingdom, France, Germany, and the

United States, in each year from 1840 to 1912, with particulars as to rate of Import Duty leviable in each country during each year. [H. of C. 45.] 1913. Price ½d.

Return Showing for each Financial Year from 1875 to 1913 the total amount of Dead Weight Debt outstanding on the 1st April, and a similar statement in respect of other Capital Liabilities, with other particulars relating to the National Debt. [H. of C. 82.] 1913. Price 1d.

Comparative Statement of Pauperism and Cost of the Relief of the Poor in certain years from 1848-9 to 1911-12. [Cd. 6675.] 1913. Price ½d.

The following figures are extracted from the above return :—

Year.	Ratio of pauperism per 1,000 of population.		Total annual Expenditure.	Average cost per head.		Average poor rate per £ of rateable value.
	Indoor.	Outdoor.		Indoor.	Outdoor.	
			£	£ s. d.	£ s. d.	s. d.
1849	7·7	54·4	5,792,963	7 17 8	3 11 2	1 8·5
1860	5·8	36 3	5,454,964	8 0 9	4 0 2	not known
1870	7·1	38·2	7,644,307	9 11 8	4 5 8	1 5·6
1880	7·1	23·2	8,015,010	9 14 10	4 12 4	1 2·4
1890	6 6	18·8	8 434,315	10 2 11	4 11 4	1 1·5
1900	6·6	15·8	11,567,649	12 11 1	5 6 1	1 3·8
1910	8 0	15·2	14,849,581	12 18 1	6 3 10	1 4·6
1912	7·6	11·3	14,463,902	13 16 9	5 16 3	1 3·9

CURRENT TOPICS

THE returns with regard to the working of the Unemployment Insurance scheme in the compulsorily insured trades, as published in the *Board of Trade Labour Gazette*, provide a new measure of unemployment. Since February figures have been given with regard to the number of men claiming benefit for each week after 15th January, the date from which benefits became payable. The percentage of the number of claims to the number of Unemployment Books issued in each group of occupations is the most satisfactory measure of unemployment which has hitherto been obtained. The main difficulty connected with it is the fact that the men who have taken out Unemployment Books are constantly leaving the compulsorily insured trades. Their books may or may

not (in accordance with the law) have been returned to a Labour Exchange. On the other hand, the return of the actual payments made each week by the local offices of the Unemployment Fund is not a satisfactory measure of unemployment, because it does not include the claims paid, through Trade Unions, in accordance with Section 105 of the Act. In February 22,641 "indirect claims" were made through Trade Unions, as compared with 65,005 "direct claims" dealt with by the Labour Exchanges and local agencies. The corresponding figures for March are 17,522 and 48,055. The percentage of claims made to books issued is markedly higher in London and the south-eastern counties, and in Ireland, than in the remaining six areas into which the country is divided. This is true not only of the insured trades as a whole in each of the four months January, February, March, and April. It applies also throughout the period to each of the six groups of occupations, into which the insured trades are divided, with a very few exceptions. The following table shows the percentages for all insured trades together:—

	31st Jan.	28th Feb.	28th Mar.	25th April.
London	9·4	8·6	6·0	4·5
Ireland	8·2	8·2	8·4	7·6
Whole of United Kingdom	5·0	4·4	3·5	2·8

It is noticeable that the Unemployment Insurance percentages are considerably higher than the Trade Union unemployment percentages in all the groups of trades in which a comparison can be made.

A REMARKABLE sidelight upon the proportions of skilled and unskilled labour in industry is given by the classification of the 2,297,326 Unemployment Books issued up to 1st February, 1913. Even after navvies and machinists of all kinds have been placed in the category of specific "trades," there remain no fewer than 722,163 "labourers, etc.," in the insured trades—i.e., about a third of all the insured persons. Only about 10,000 women are included in the scheme. The decisions of the Umpire, which have very largely placed the manufacture of accessories and parts for machinery and vehicles outside the category of insured trades, have incidentally had the effect of excluding from the scheme some thousands of women engaged in the metal and cycle trades. The Umpire has had a difficult task, and his decisions have already attained to the dimensions of volumes. It involves no criticism on his work to express the hope that the complicated frontier between insured and uninsured occupations, which he has felt obliged to establish, will be rounded off at an early date by orders

of the Board of Trade bringing within the scope of the scheme occupations, now excluded, which are, so far as the workman is concerned, identical with those already included within it.

THE scheme has undoubtedly encouraged some Trade Unions to pay unemployment benefits, where they did not do so before. It was anticipated that Unions, which formerly paid unemployment benefit, would use the grant of seven shillings from the Government's Unemployment Fund to reduce their own liabilities in meeting claims—possibly lowering their rates of contribution. But some important Unions, such as the Amalgamated Society of Engineers and the Scientific Instrument Makers, have added the seven shillings provided under the scheme to the benefits formerly paid, so that many of their members can now draw sums approximating to a pound a week during unemployment. The arrangements under Section 105 of the Act, for payments of benefit to Trade Unionists through their societies, are almost necessarily somewhat complicated. Many of the branch secretaries of the Unions have experienced difficulty in fulfilling the Board of Trade requirements with regard to the filling up of forms, etc. Accounts from different parts of the country seem to show that the Courts of Referees are inclined to be generous to the workpeople against whose claims to benefit the Insurance Officers have raised objections. One of the acutest hardships caused by the drafting of the scheme arises out of the definition of "continuous unemployment" given in section 107 (1). This undoubtedly is not sufficiently elastic to enable casual ship-repairers and others to obtain the benefits, to which they would seem to be equitably entitled.

OUR South African correspondent writes as follows with reference to Mr. Morgan Rees's article in the March number of the ECONOMIC JOURNAL:—Mr. Morgan Rees has given an interesting comparison of wages and cost of living in South Africa, referring especially to Johannesburg: but some of the figures need modification on account of the recent changes. Cost of living, at least in Johannesburg, is falling, because the increase in population and the growth of more settled conditions outweigh the influence of the world-wide rise in prices. Thus, as to food: the diet mentioned on p. 135 should not cost more than 30s. per week; there are good restaurant meals to be had at a shilling—breakfast, lunch, or dinner; and full board for a workman at one of the mines, where things are done particularly well, costs £6 a month.

Meat and vegetables are cheaper than in England, and probably the whole cost of food is very little greater. Rent is still excessive, but not quite so extravagant as Mr. Rees states. A good four-roomed brick cottage, with kitchen and bathroom, suitable for an artisan's family, can now be built for £500 (according to information kindly supplied by the town valuer), and the land needed ought not to cost more than £50 at the most. On the mine referred to above, the rent of a workman's cottage is from £3 to £5 a month, while single rooms are let to miners for 10s. a month. In the suburbs the rent of the cottage should be £5 or £6 a month. Johannesburg is a professional and businessman's town rather than a workman's, and the cost of living to the middle classes, though high, is not quite what it is usually put at. For example, board at a good club costs about £10 a month: one can get lunch in town for 1s. 6d. to 2s. 6d.; kaffir servants (who do as much work as English ones) mostly get £3 a month; and a man who settles in the town and builds his own house, would find a little suburban villa in a quarter acre of garden cost for interest, depreciation, rates, and water about £80 to £100 a year. An interesting aspect of these figures is the way in which they indicate the approximation that is taking place between England and one of the colonies. The approximation is noticeable both in wages and prices.

"W.J.A." writes: Among the discussions in the Economic History sub-section of the International Congress of Historical Studies, held in London in April, one of the most instructive was that introduced by Professor Schäfer, of Berlin. It was apropos of the publication, now on foot, of the records of dues paid at Kronborg by ships passing the Sound. Professor Schäfer pointed out that the Sound was for centuries the most frequented maritime thoroughfare of the world; and as the records are extant for the years 1497, 1503, 1528, 1536-1547, and from 1557 almost complete to the abolition of Sound dues in 1857, they constitute an exceedingly valuable, though hitherto hardly used, source of information for the history of commerce and shipping. A volume presenting in tabular form the information as to number, ownership, and origin of the shipping, for the period 1497-1660, was published in Copenhagen in 1906, under the editorship of Mrs. N. E. Bang (*Tabeller over Skibsfart og Varetransport*, etc.); and a second is about to appear, dealing with the nature and value of the cargoes for the same period. For these the cost has been borne by a certain Carlsberg Fund at Copenhagen. From 1660, however, the information concerns other countries far more than Denmark,

especially as Danish ships paid nothing; and the Danish fund is no longer available. The energy of Professor Schäfer, who has done so much for Hanseatic history, has already got together, from various Governments, municipalities, societies, and individuals on the Continent, a sum sufficient to pay for the tabulation and printing of the material down to the year 1800. But before the editorial staff is disbanded, a complete job ought to be made of the whole business down to 1857. Here is an opportunity, as Professor Schäfer justly represented, for England to take its fair share in an international enterprise which, after all, concerns its own past history very vitally. A certain modest amount of help has already been given by and through the British Academy. But much more ought to be done. Perhaps it is hopeless to expect even a small grant from our Government, which, curiously enough, usually takes up a more narrowly official and cautious attitude in such matters than the more bureaucratic Governments of the Continent. But there ought to be British shipowners to whom the project commends itself; and Professor Dietrich Schäfer, Friedrichstr. 7, Steglitz, would gladly give further information.

It is not possible at present to do more than indicate the provisional programme of the section for Economics and Statistics at the meeting of the British Association to be held at Birmingham from September 10 to 17. The presidential address will be delivered by Rev. P. H. Wicksteed, who is president of the section. With reference to the sectional proceedings, the experience of recent years has shown the advantage of endeavouring to concentrate discussion on certain topics. By this method the objection to which such gatherings are subject (namely, the disconnected nature of the papers and discussions) is obviated to some extent, and a day can be assigned to a specific topic instead of the morning being divided amongst some four papers on distinct subjects. By the former method, too, a longer time can be given to speakers, who, in some cases, are invited by the committee to take part in the debate. One debate for which it is proposed to arrange a day will probably be on some aspects of the cost of living, to which Professor Bowley and Mrs. Wood are likely to contribute papers. Considerable local interest has been shown lately in the question of canal navigation, and a day has been allocated to this subject. There will be papers by Lord Shuttleworth, Sir John P. Griffith, Mr. R. B. Dunwoody, and others; and Sir John Brunner, Mr. Neville Chamberlain, Mr. Frank Impey, Mr. Frederick Morton, and Mr. J. F. Saner are

expected to be able to join in the discussion. It is also proposed to deal with the position and exposition of economic theory from the point of view of related studies and activities. In recent years theoretical, and in particular mathematical, economics have not been prominent at these meetings; but at Birmingham the latter will be represented by a paper from Mr. A. J. Kenny, of Birmingham University, entitled, "How far are Mathematical Methods really of use in Economic Science?" It is hoped that some theoretical papers may be arranged for later. Professor Oldham will read a paper on "The Study of Business Organisation," and Professor Kirkaldy on "The Economic Effects of the Opening of the Panama Canal." The drawing up of a programme for this meeting is always something of a problem. The object of the Association is to encourage contributions (either in the form of suitable papers or by discussion) from those who are not professional economists, while, at the same time, an endeavour should be made to attract the specialist by providing discussions of interest to him; and finally, there are the claims of the general body of members of the Association who desire to obtain some competent guidance on those economic questions which occupy their attention at the moment. Even when an equilibrium has been discovered between these aims, there is still the difficulty of finding an ideal distribution of the available time between the papers and speakers that turn out to be available at the meeting. All that can be said is that these various competing claims have, at least, been kept carefully in view by the committee of the section.

THE *Société d'Economie Politique* of Paris announce that the subject has been changed in the competition (announced in the *ECONOMIC JOURNAL*, December, 1912, p. 644) for the prize founded by M. Emile Marcet, and an extension of time granted. The subject of the competition is now "The Evolution of Protectionist Ideas since 1815." The prize will consist of a gold medal, worth about 300 francs, and a money payment of 1,000 francs. The manuscripts (in French) should be sent before December 31st, 1914, to M. Daniel Bellet, 18 Rue des Canus, Maison-Laffitte (Seine-et-Oise), from whom further particulars can be obtained.

WE regret to announce the death last month in his seventy-second year of M. Alfred de Foville, perpetual secretary of the *Académie des Sciences morales et politiques*. An obituary notice

of M. de Foville will appear in the September number of the *Journal*. His death, following so soon after the recent deaths of MM. Levasseur, Molinari, and Passy, to the youngest of whom, however, he was twelve years junior and to the oldest twenty-three years junior, marks with further emphasis the passing away, after an unchallenged reign of nearly fifty years, of the old-fashioned school of French economists.

Appointments.—Mr. J. Eadie Todd, M.A. (Edin.) and B.A. (Oxon.), formerly lecturer in Economic History at Edinburgh University and lately lecturer at McGill University, has been appointed Professor of History and Economics in the University of Dalhousie, Halifax, Nova Scotia.

Mr. A. N. Shimmin, M.A., has been appointed an Assistant Lecturer in Economics in the University of Manchester.

RECENT PERIODICALS AND NEW BOOKS.

Economic Review.

APRIL, 1913. *Trade Unions, Trade Lists, and the Law.* PROF. W. M. GELDART. *The Housing Question.* DR. T. C. FRY. *Co-partnership and Labour.* L. V. LESTER-GARLAND. *India and the Sugar Convention.* D. A. BARKER. *Outdoor Relief.* C. F. ROGERS. *Dr. Carlyle on Wages.* PROF. EDWIN CANNAN. A long and severe review. PROF. ASHLEY discusses Prof. I. Fisher's various recent articles, and MR. SIDNEY BALL reviews at some length Prof. Pigou's *Wealth and Welfare*.

Statistical Journal.

FEBRUARY, 1913. *The Population of England in the Eighteenth Century.* E. C. K. GONNER. A learned study of the authorities. *Note on Urban and Rural Variations according to the English Census of 1911.* THOMAS A. WELTON. A study of the recent "tendency towards loss of population by migration in the case of several of our largest cities."

MARCH, 1913. *The Panama Canal and Competition for Trade in Latin America, the Orient, and Australasia.* PROF. LINCOLN HUTCHINSON. *Prices of Commodities in 1912.* A. SAUERBECK. *The Rate of Interest on Investments in 1912.* R. A. LEHFELDT. Prof. Lehfeldt brings the calculations of a former article up to date.

APRIL, 1913. *An Account of an Inquiry into the Extent of Economic Moral Failure among certain types of Regular Workers.* D. C. JONES. The results of circularising certain public and private employers in regard to the number of employees dismissed, and the relative importance of different causes of dismissal.

Bankers' Magazine.

MARCH, 1913. *Bank Work from a Junior Clerk's Standpoint: Collection and Payment of Cash Articles.* A very useful account of the machinery and technique of the Clearing House.

APRIL, 1913. *Balance-sheets of Banks in the United Kingdom during 1912.*

MAY, 1913. *Proportion of Cash to Deposits of Banks in the United Kingdom during 1912. Canadian Banking in 1912.* H. M. P. ECKARDT. A valuable summary of the banking position and of current banking history in Canada.

Women's Industrial News.

APRIL, 1913. *The Tea-shop Girl* (15 pp.). BARBARA DRAKE. An interesting report of an Inquiry undertaken by the Investigation Committee of the Women's Industrial Council.

Bulletin of the British Library of Political Science.

JANUARY, 1913. This is the first number of a new quarterly Bulletin dealing with the library attached to the London School of Economics. Each number contains lists of the principal recent accessions, of some of the principal desiderata, and of duplicates available for exchange. In addition, there is to be a series of *Selected Bibliographies*. I. *The Bibliography of the Nationalisation of the Coal Supply*.

APRIL, 1913. *Selected Bibliographies*. II. *Bibliography of the Civil Service*. MISS W. C. HILL.

Quarterly Journal of Economics (Harvard).

FEBRUARY, 1913. *A Compensated Dollar*. IRVING FISHER. Prof. Fisher pursues his now familiar theme. *The Organisation of the Boot and Shoe Industry in Massachusetts before 1875*. BLANCHE E. HAZARD. *The Locomotive Engineers' Arbitration: its Antecedents and its Outcome*. U. J. CUNNINGHAM. *The Decision on the Union Pacific Merger*. STUART DAGGETT. *Frankfort-on-the-Main: a Study in Prussian Communal Finance*. II. ANNA YOUNGMAN. *Railway Rates and Joint Cost Once More*. F. W. TAUSSIG. A criticism of the views advanced on this subject by Prof. Pigou in *Wealth and Welfare*.

American Economic Review (Boston).

DECEMBER, 1912. *The Definition of Price*. FRANK A. FETTER. A very large collection of the definitions proposed by various authors in the last 100 years. Prof. Fetter favours a definition which is without reference to money. *Transportation and Competition in South American Markets*. H. PARKER WILLIS. *The Impatience Theory of Interest*. HENRY R. SEAGER. A criticism of Prof. Irving Fisher. *Agricultural Credit in the United States*. E. W. KEMMERER. A discussion of how far the National Banks can, under the existing law, serve the needs of the farmer, and how far the adoption of a Co-operative Credit System might prove useful.

MARCH, 1913. *Objections to a Monetary Standard Based on Index Numbers*. DAVID KINLEY. A criticism of Prof. Irving Fisher's proposals. Apart from the point that a unit of money would be maintained by Prof. Fisher's plan at an equivalence with a fixed quantity of goods, but not with a fixed quantity of utility, Prof. Kinley's criticisms are based on a theory of money which would not commend itself to those who are in any sort of general agreement with the monetary logic underlying Prof. Fisher's proposals. Prof. Kinley lays stress on the importance of knowing the precise cause of the rise of prices, whether due to variations in the supply of money or of goods or to a changed rapidity in the sale of goods or in the volume of credit, before attempting to remedy its consequences. *The Commerce Court Question*.

SAMUEL O. DUNN. *Methods of Business Forecasting based on Fundamental Statistics*. JAMES H. BROOKMIRE. Deals with the methods of Jevons, Benner [an Ohio farmer, author (in 1875) of *Book of Prophecies*], Babson, and Irving Fisher. *The Tariff Board and Wool Legislation*. W. S. CULBERTSON.

MARCH, 1913, SUPPLEMENT. *Papers and Proceedings at the 25th Annual Meeting of the American Economic Association. Population or Prosperity*. FRANK A. FETTER. Presidential address on the current importance of Malthusian ideas to the United States. *Standardising the Dollar*. IRVING FISHER. Followed by an interesting and critical discussion. *Banking Reform in the United States*. E. W. KEMMERER. Both the paper and the discussion which followed it contain interesting evidence of the present state of public opinion in the United States towards the proposals of the Monetary Commission. *Theories of Distribution*. Round Table Discussion opened by Prof. Patten. *Farm Management*. Round Table Discussion. *Frontiers of Regulation and What Lies Beyond*. JOHN M. CLARK. A criticism of the policy of permitting monopoly, subject to price regulation by Government. *The Economics of Governmental Price Regulation*. CHESTER W. WRIGHT.

Political Science Quarterly (New York).

MARCH, 1913. *The Tariff Board's Wool Report*. L. D. H. WELD. *Recent Tax Reforms Abroad*. III. E. R. A. SWIGMAN. Mainly concerned with Australasia.

Annals of American Academy (Philadelphia).

JANUARY, 1913. A series of articles on *Canadian National Problems*, including:—*Reciprocity*. CLIFFORD SIFTON. *Canada and the Preference*. S. M. WICKETT. *Mineral Resources of Canada*. G. A. YOUNG. *Canadian Banking*. H. M. P. ECKARDT.

MARCH, 1913. A series of articles on *Prison Labour*.

Journal of Political Economy (Chicago).

FEBRUARY, 1913. A series of articles on *Schools of Commerce in American Universities*, including Chicago, the Wharton School, Dartmouth College, and Wisconsin. *Canadian Banking Legislation*. S. R. WEAVER. An account of the provisions of a new Bill introduced at the end of 1912.

MARCH, 1913. Further articles on *Schools of Commerce*, including the North-western University School and the Boston High School, and on the value of "vocational training" in Commerce. *The Industrial Training and Placing of Juveniles in England*. H. WINIFRED JEVONS. A summary for American readers of what has been done in England.

Bulletin of the U.S. Bureau of Labour (Washington).

No. 101. Care of Tuberculous Wage-earners in Germany.

No. 102. British National Insurance Act, 1911.

No. 103. Sickness and Accident Insurance Law of Switzerland.

No. 104. Lead Poisoning in Potteries, &c.

No. 105, PARTS I. AND II. Retail Prices, 1890 to 1911.

No. 106, PARTS I. AND II. Retail Prices, 1890 to June, 1912.

Revue d'Economie Politique (Paris).

- MARCH-APRIL, 1913. *Quelques remarques sur la rente du sol urbain.* ACHILLE LORIA. *Le Chemin de fer transafricain. Les conclusions d'une mission d'études.* R. LEGOUÉZ. *La loi soudanaise sur l'apprentissage.* R. MAUNIER.

Journal des Économistes (Paris).

- FEBRUARY, 1913. *La Banque d'Angleterre.* F. HUTH JACKSON. Reprinted from *Lectures on British Commerce*.
 MARCH, 1913. *L'Impérialisme économique.* YVES GUYOT. *Le Problème du crédit.* W. W. CARLILE.
 APRIL, 1913. *L'École autrichienne d'économie politique.* FEILBOGEN. This article (one of a long series) deals with Schumpeter. *La Situation économique et financière de l'Italie.* AUGUSTE PAWLOWSKI. *L'Octroi de Paris. Le passé. Le présent. L'avenir.* (30 pp.) P. DE BIERMONT.

Revue Économique Internationale (Brussels).

- FEBRUARY, 1913. *La Réforme fiscale en Belgique.* G. BIGWOOD. A discussion of the Belgian budgetary arrangements by a professor in the University of Brussels. *L'Italie économique pendant l'année de la guerre.* G. NICOTRA. *La Crise charbonnière en Russie.* M. LANWICK.
 MARCH, 1913. *La Révision des Tarifs en Amérique.* CH. A. CONANT. *La Hausse du Taux de l'Intérêt et la Hausse des Prix.* CH. RIST. In distinction from *A Stockbroker*, whose article in the *Economic Journal* he cites, Professor Rist emphasises the world-wide universality and simultaneity of the recent rise in the rate of interest. He ascribes it to the high level of industrial profits, which, in its turn, is the direct result of high prices. *La Convention du Saint-Gothard.* A. GORAT. *L'Industrie Agricole en France.* M. LAIR. *La Périodicité des Disettes en Russie.* B. CHLEPNER. The periodicity of lean years in Russia may be interesting to students of similar phenomena in India.
 APRIL, 1913. *Le port de Gand.* CH. CHRISTOPHE and M. DE BEER. *Les facteurs économiques de l'exportation des Capitaux Belges.* MAX L. GÉRARD. Contains some statistics of the rate of interest payable on new emissions in Belgium, compared to those lately worked out for England by Prof. Ichfeldt in the *Statistical Journal*. *Les Maximes fondamentales du Régime des chemins de fer de l'Etat.* CHEVALIER DE WITTIK. A general discussion of principles. *La Hausse des Prix.* J. PAZOUSEK. Emphasises, with the help of some statistics, the part played by the great growth in the use of cheques and notes in all European countries.

Archiv für Sozialwissenschaft und Sozialpolitik (Tübingen).

- JANUARY, 1913. *Neuorientierung in der Sozialpolitik?* PROF. ALFRED WEBER. *Zur historischen Analyse des Patriotismus.* I. ROBERT MICHELS. Emphasises the comparatively late development of the *Vaterlandsbegriff*; concluded in the March number. *Die Arbeitsteilung im geistigen Leben.* WILLI HELLPACH. *Die neueste Entwicklung des Syndikalismus.* CHRISTIAN CORNÉLISSSEN. Deals

to a large extent with last year's events in England. *Die Juden und das Wirtschaftsleben* (pp. 64). J. GUTTMANN. A searching criticism of Professor Sombart's book. *Die Kaufkraft des Geldes*. I. W. EGGERSCHWYLER. A full analysis and criticism of Professor Fisher's "Purchasing Power of Money"; concluded in the March number.

- MARCH, 1913. *Die naturphilosophischen Grundlagen der Wirtschaftstheorie*. PROF. BULGAKOFF (of Moscow). *Zur Systematik der Lohnmethoden*. K. KUMPMANN. *Petroleum-Monopol. Ueber die Fortschritte der gesetzlichen Regelung der Arbeitszeit in Frankreich*. P. LOUIS. *Die neue wohnungspolitische Gesetzgebung Oesterreichs*. KARL FORCHEIMER. *Literatur zum Petroleummonopol*. T. M. VOGELSTEIN. *Der Geburtenrückgang*. S. BUDGE. A discussion of the theories of Prof. Julius Wolf.

Jahrbücher für Nationalökonomie und Statistik (Jena).

- FEBRUARY, 1913. *Zur Agrargeschichte Schwedens im früheren Mittelalter*. KARL WILLGREN. *Die deutsche soziale Gesetzgebung und der Geld- und Kapitalmarkt*. HANS HILBERT. *Ein neuer Versuch zur "Rettung" des Malthus!* JULIUS WOLF.
- MARCH, 1913. *Das neue Privilegium der Oesterreichisch-ungarischen Bank*. R. ZUCKERKANDL. *Wandlungen und Entwicklungstendenzen in der deutschen Einwanderung*. W. MÖNCKMEIER. *Der Aufschwung der Fabrikindustrie in Kanada*. C. BERGER.
- APRIL, 1913. *Der Kommunale Wohnungsnachweis*. M. RUSCH. *Das Leuchtöl-monopol des Deutschen Reiches*. E. SCHMIDT.

Jahrbuch für Gesetzgebung, Verwaltung und Volkswirtschaft
(Munich).

- PART IV., 1912. *Theorie des Sparens und der Kapitalbildung* (78 pp.). R. LIEFMANN. *Der preussische Staatsschatz und der Reichskriegsschatz*. L. KATZENSTEIN. The history and the principle of the German war-chest. *Ein Vorschlag zur Reichsbesitzsteuer*. L. SEVIN. *Das Wirtschaftsleben der Vereinigten Staaten im ersten Jahrzehnt des 20. Jahrhunderts*. E. SCHULTZE. *Agrarverfassung und Grundsteuer in British-Ostindien* (60 pp.). V. v. LEYDEN. A summary mainly derived from second-hand and out-of-date authorities. *Nordamerikanische Universitätseinrichtungen*. G. S. FULLERTON.

Zeitschrift für Volkswirtschaft, Sozialpolitik und Verwaltung
(Vienna).

- PART I., 1913. *Eine "dynamische" Theorie des Kapitalzinses* (pp. 62). E. VON BÖHM-BAWERK. A discussion of a theory of Schumpeter's. *Die handelspolitischen Beziehungen Österreich-Ungarns zur Türkei*. OTTO HECHT. *Vilfredo Pareto's Manuel d'économie politique*. KNUT WICKSELL. A criticism.

Weltwirtschaftliches Archiv (Jena).

- JANUARY, 1913. This is the first issue of a new quarterly Journal, under the editorship of Professor Bernhard Harms of Kiel. The subscription to each volume, complete in two parts, is 20 marks;

the part now issued contains 375 pp. It is described as a *Zeitschrift für Allgemeine und Spezielle Weltwirtschaftslehre*, and is to deal with the economics of international relations in all their aspects. *Weltwirtschaft und Weltwirtschaftslehre*. BERNHARD HARMS. This article is in the nature of an introduction to the Journal. *Individuum und Welt in der Neuzeit*. F. TÖNNIES. *Die Weltspur der Eisenbahnen*. K. THIESS. *Das internationale Wechselrecht*. F. MEYER. *Die Servversicherung im Weltverkehr*. E. FITGER. *Die Internationale Organisation des Frankfurter Metallhandels*. R. LIEFMANN. A large amount of space is devoted to brief reviews and notes on new books, and to *Kollektivbesprechungen*, of which this number contains:—*Bibliographie relative au Commerce extérieur de la France*. M. BELLOM. *Neuere britischimperialistische Literatur*. F. HOFFMANN. *Die wirtschaftlichen Beziehungen Spaniens zum lateinischen Amerika in der neueren spanischen Literatur*. F. BERNIS. Finally the number concludes with 35 pp. of monetary and financial statistics, *International-vergleichende Statistik des Geldmarktes der Börsen und der Warenmärkte*, August, September, October, 1912, which are exceedingly valuable, and by including a number of extra-European countries cover a much wider field than any other available source of reference. The value of these statistics would be enhanced if they could be published less than three months in arrears.

Scientia (Bologna).

- MARCH, 1913. *Wert und Mehrwert. I Teil: Die Monopol-Theorie des Mehrwertes*. F. OPPENHEIMER. Much concerned with what happens when "Robinson lebt mit Freitag in genossenschaftlichen Wirtschaftsverbände."
MAY, 1913. The above article is continued,—*II. Teil: Kritik der Marx'schen Theorie des Mehrwertes*. F. OPPENHEIMER.

Giornale degli Economisti (Rome).

- FEBRUARY, 1913. *Sulla distribuzione della proprietà in Sicilia*. G. BRUCCOLERI. *Gli odierni aspetti dell' economia agraria: le combinazioni dei fattori produttivi*. C. DI NOLA. The law of diminishing returns is discussed. *Le origini del banco giro*. E. INCLIMONA.
MARCH, 1913. *La teoria del mercato monetario*. M. FANNO. With Fisher, basing interest on "impatience," and in accordance with his own recent volume, the writer exhibits the relation between the rate of interest and the prices of instrumental goods and other points of monetary theory. *Messina: come vive*. G. MORTARA. A description of economic conditions in Messina since the earthquake. *La statistica della disoccupazione*. G. MONTEMARTINI. On methods of measuring unemployment.
APRIL, 1913. *Il massimo di Utilità per una collettività in sociologia*. V. PARETO. An attempt to overcome the difficulty of compounding "ophelimities" pertaining to different persons. *Le variazioni periodiche dello sconto*. G. DEL VECCHIO. Referring to Jevons and certain precursors, the writer describes different kinds of monetary tides. *L'annuario Statistico Italiano per il 1912*. G. MONTEMARTINI.

NEW BOOKS.

English

CHAPMAN (S. J.). *Elementary Economics*. London: Longmans, Green. 1913. Pp. x+169. 2s. net.

[This is a very elementary text book, probably intended for schoolboys. Professor Chapman's recent *Outlines of Political Economy* is described as a continuation of it. At the end of each chapter there are questions with hints for solution. To be reviewed.]

HIGGINSON (JOHN HEDLEY). *Tariffs at Work: An outline of practical tariff administration, with special reference to the United States and Canada*. London: P. S. King. 1913. Pp. xiv+136. 2s. net.

[To be reviewed.]

HOBSON (J. A.). *Gold, Prices and Wages: with an examination of the Quantity Theory*. London: Methuen. 1913. Pp. xi+181. 3s. 6d. net.

[“This work controverts the current doctrine that attributes the sole or principal causation to the increased output of gold.” To be reviewed.]

KELTIE (J. SCOTT), Edited by. *The Statesman's Year-Book*. 1913. London: Macmillan. 1913. Pp. xevi+1452. 10s. 6d. net.

[Fiftieth Year. In this jubilee volume “an attempt has been made in the introductory matter and in the maps to indicate the contrast in certain aspects of the states of the world between fifty years ago and now.”]

MANN (J. E. F.), SHEVERS (N. J.), and COX (R. W. T.). *The Real Democracy*. London: Longmans, Green. 1913. Pp. xi+276. 4s. 6d. net.

[“Three members of the Rota Club, in these its first Essays, have sought to explain and defend the principle of Property.” They oppose the present state of affairs. But they also oppose Collectivism or Socialism, and Syndicalism. To be reviewed.]

MARRIOTT (J. A. R.). *The French Revolution of 1848 in its economic aspect*. Vol. I.: *Louis Blanc's Organisation du Travail*. Vol. II.: *Emile Thomas's Histoire des Ateliers nationaux*. Oxford: The Clarendon Press. 1913. Pp. xcix+284+395.

[The original French texts are here edited with an introduction critical and historical. To be reviewed.]

PEEL (HON. GEORGE). *The Tariff Reformers*. London: Methuen. 1913. Pp. vi+188. 2s. 6d. net.

[An entertaining history of the politics of Tariff Reform from an unfriendly standpoint.]

PENSON (T. H.). *The Economics of Everyday Life: A first book of economic study*. Part I. Cambridge: The University Press. 1913. Pp. xiii+176. 3s. net.

[An elementary text book intended for schoolboys or others who are taking up the subject for the first time. This volume is described as Part I and does not cover the whole subject. To be reviewed.]

COLLINS (E. A.). *Leasehold Enfranchisement: the case for and against a practical scheme*. London: P. S. King. 1913. Pp. 117. 2s. 6d. net.

[“The author's object is to show the serious effect which the present leasehold system has upon the building trade of the entire country.” To be reviewed.]

WEBB (SIDNEY and BEATRICE). *English Local Government: The Story of the King's Highway*. London: Longmans, Green. 1913. Pp. x+279. 7s. 6d. net.

[Reviewed above.]

WITHERS (HARTLEY). *Money-Changing: An Introduction to Foreign Exchange*. London: Smith, Elder. 1913. Pp. viii + 183. 5s. net.

[The outcome of lectures lately delivered to members of the Institute of Bankers. To be reviewed.]

American

BLAKEY (LEONARD STOTT). *The Sale of Liquor in the South*. New York: Columbia University Press. 1912. 1to. Pp. 56. 4s.

[*Columbia University Studies*, 127. "The History of the Development of a Normal Social Restraint in Southern Commonwealths"]

CLARK (JOHN BATES) and CLARK (JOHN MAURICE). *The Control of Trusts*. New York: The Macmillan Co. 1912. Pp. ix + 202. 4s. 6d. net.

[Rewritten and enlarged by Prof. Clark with the collaboration of his son. To be reviewed.]

CLEVELAND (FREDERICK A.) and POWELL (FRED WILBUR). *Railroad Finance*. New York: D. Appleton. 1913. Pp. 463. 10s. 6d. net.

[“The purpose of this volume is to describe the methods of financing Railroads in the United States.” To be reviewed.]

COPPLAND (MILVIN THOMAS). *The Cotton Manufacturing Industry of the United States*. Cambridge (U.S.A.): Harvard University Press. 1912. Pp. xii + 415. \$2.

[*Harvard Economic Studies* VIII. Reviewed above.]

DAVIS (WILLIAM WATSON). *The Civil War and Reconstruction in Florida*. New York: Columbia University Press. 1913. Pp. xxvi + 769. 16s.

[*Columbia University Studies* 131. The effect of the Civil War on a slave-owning State.]

FARNAM (HENRY W.). *The Economic Utilisation of History*. New Haven: Yale University Press. 1913. Pp. viii + 220. \$1.25.

[This volume of reprinted essays takes its name from the first. Several of them deal with labour legislation. To be reviewed.]

FORD (JAMES). *Cooperation in New England, Urban and Rural*. New York: Survey Associates. 1913. Pp. xxi + 237. \$1.50.

[Published by the Russell Sage Foundation. Reviewed above.]

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[A publication of the Russell Sage Foundation.]

KOO (VI KYUIN WELLINGTON). *The Status of Aliens in China*. New York: Columbia University Press. (London: P. S. King.) 1912. Pp. 359. 10s.

[By the English Secretary to the President of China. *Columbia University Studies*, 126.]

McCABE (DAVID A.). *The Standard Rate in American Trade Unions*. Baltimore: Johns Hopkins Press. 1912. Pp. 251. \$1.25.

[*Johns Hopkins University Studies in Historical and Political Science*, xxx-ii. To be reviewed.]

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[*Columbia University Studies*, xliii-iii. A comparative study of State legislation on child labour in the United States.]

ROBINSON (E. V.). *Railroad Taxation in Minnesota: Analysis of the Gross Earnings Tax*. St. Paul, Minnesota. 1912. Pp. 58.

[Reprinted from the third biennial report of the Minnesota Tax Commission. To be reviewed.]

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[Reprinted from the third biennial report of the Minnesota Tax Commission.]

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[This book was originally published in 1895 (reviewed in the *ECONOMIC JOURNAL*, vol. vi, p. 81), but, until the present, subsequent editions have not been substantially revised. The present edition, however, has been much enlarged and considerably rewritten. To be reviewed.]

STREIGHTOFF (FRANK HATCH). *The Distribution of Incomes in the United States*. New York: Columbia University Press. (London: P. S. King.) 1912. Pp. 171. 6s.

[*Columbia University Studies*. 129. To be reviewed.]

WOLFE (F. E.). *Admission to American Trade Unions*. Baltimore. Johns Hopkins Press. 1912. Pp. 181. \$1.

[*Johns Hopkins University Studies in Historical and Political Science*, xxv-iii. To be reviewed.]

WOOD (FREDERICK A.). *The Finances of Vermont*. New York: Columbia University Press. 1913. Pp. 147. 4s.

[*Columbia University Studies*. li-iii.]

French

BANDEAU (NICHOLAS). *Principes de la Science Morale et Politique sur le luxe et les lois somptuaires, 1767*. Paris: Gauthier. 1912. Pp. xix + 32.

[Reprinted in the *Collection des Economistes* with an introduction and analytical table of contents by Professor Dubois.]

ELEWYCK (ERNEST VAN). *La Banque nationale de Belgique: les Théories et les Faits*. Brussels: Librairie Falk fils. 1913. Pp. vii + 380 + 112. 15 fr.

[An elaborate history and account of the Bank's mode of operations, partly designed to repel Socialist charges against the bank. To be reviewed.]

GIDE (CHARLES) and RIST (CHARLES). *Histoire des Doctrines Économiques depuis les Physiocrates jusqu'à nos jours*. Paris: Recueil Sirey. 1913. Pp. xxiv + 786. 12.50 fr.

[“Deuxième Édition, revue et augmentée.” The first edition of this valuable work was reviewed in the *ECONOMIC JOURNAL*, vol. xix, p. 416. The new edition does not appear to differ very materially from the first.]

MOHEAU (M.). *Recherches et Considérations sur la Population de la France, 1778*. Paris: Gauthier. 1912. Pp. xxx + 303.

[Reprinted in the *Collection des Economistes* with an introduction and analytical table of contents by Professor Gonnard.]

PIERSON (N. G.). *Les Revenus de l'État*. Translated into French from the second Dutch edition by Louis Suret. Paris: Giard & Brière. 1913. Pp. 386. 12 fr.

[This is taken from the fourth book of Pierson's *Political Economy*, which has recently appeared in an English translation.]

SELIGMAN (E. R. A.). *L'Impôt sur le Revenu*. Translated into French by William Oualid. Paris: Giard & Brière. 1913. Pp. xii + 842. 15 fr.

WAGNER (A.) and DEITE (H.). *Traité de la Science des Finances: Histoire de l'Impôt depuis l'Antiquité jusqu'à nos jours*. Vol. I.: Depuis l'antiquité jusqu'à 1815. Translated into French by E. Bouché-Leclercq. Vol. II.: Depuis 1815 jusqu'à 1910. Translated into French by Louis Couzinet. Paris: Giard & Brière 1913. Pp. x + 327 + 371. 24 fr.

[This completes, in five volumes altogether, the French edition of Professor Wagner's *Finanzwissenschaft*. The two volumes, referred to above, have been translated from a recent German edition, which had been brought up to date by the author with the assistance of Dr. Deite.]

German

ADLER (KARL). *Kapitalismus und Preisbewegung*. Munich: Duncker & Humblot. 1913. Pp. vii + 48. 1.20 marks.

[Bohm-Bawark, the "Productivity" Theory of interest, the relation between the value of the *Produkte* and the *Produktivgüter*, etc.]

PICHT (WERNER). *Toynbee Hall und die Englische Settlement-Bewegung: ein Beitrag zur Geschichte der sozialen Bewegung in England*. Tübingen: J. C. B. Mohr. 1913. Pp. xi + 217. 5 marks.

[*Archiv für Sozialwissenschaft und Sozialpolitik*, ix. To be reviewed.]

SAND (E. W.). *Die Ursachen der Teuerung*. Munich: Duncker & Humblot, 1913. Pp. vi + 58. 1.50 marks.

Italian

BATTISTELLA (C.). *Il concetto di reddito in economia, in finanza e nel diritto finanziario*. Rovigo. Tipografia Sociale. 1913.

MASCI (G.). *Il concetto e la definizione del reddito*. Napoli: Pierro. 1913.

PALLOTINO (R.). *I paesi nuovi nel loro procedere economico*. Ancona: Puccini. 1913.

SACK (A.). *The Peasant Land Bank in Russia, 1883-1910*. Moscow. 1911. Pp. xii + 607.

[In Russian.]

SAMADDAR (JOGINDRA NATH). *Elements of Political Economy* (in Bengali).

[With an introduction by Prof. B. N. Sen. Professor Samaddar's book claims to be "the first of its kind in the Bengali language." It is primarily intended for Indian B.A. students. To be reviewed.]

WALLER (G. A.). *The Problem of Social Economy*. The Author: Yungaburra, North Queensland. 1913. Pp. 91.

[Reprinted from the "Tableland Examiner," Atherton, North Queensland. This brochure, on the first principles of economic social organisation, not without reference, however, to recent Australian land legislation, shows considerable ability and power of economic reasoning.]

THE ECONOMIC JOURNAL

SEPTEMBER, 1913

A SUCCESSFUL SOCIAL REFORMER, ERNST ABBE,
1840-1905.

IN *Past and Present* Carlyle describes with great vigour and power the divine mission which the "Captains of Industry" might fulfil in their sphere of work among the "disinherited" of the world. In this special case his usual pessimistic tendencies take an optimistic turn. Carlyle the prophet, the believer in heroes, is sure of the coming of some great reformer, because he trusts in man's equity, truth, and mercy. The picture he draws of such a man bears strong likeness to the noblest German practical social reformer of modern times.

This great man was the late Ernst Abbe, for many years Professor in the University of Jena, a great scholar in natural science, astronomy, and physics, besides being a first-rate mathematician. But he was also the owner of the famous optical works in Jena, and founder of the "Karl Zeiss Institution," an establishment whose principal object is to try to solve the most momentous of all problems—the social one.

Ernst Abbe was born on the 23rd of January, 1840. As the son of a poor spinning overseer in a mill at Eisenach, he had seen the degenerating effect on his father and others of fourteen to sixteen hours of daily toil accompanied by low wages, miserable surroundings, poor food, neglect of family life and education. He said himself, when Fortune was smiling on him and he had become the owner of a prosperous business, that he could not remember his father's worn face and frame and at the same time look on the workmen with the eyes of a capitalist. The boy's uncommon intelligence interested his teachers, and means were found for him to attend the grammar school at Eisenach, preparatory to his being sent to the University. In Jena and Göttingen

he then studied philosophy, mathematics, and astronomy. After taking his degree in 1861, he became a master at the *Physicalischen Verein* in Frankfurt-on-Main for two years, which post he exchanged for that of a University tutor (*Privat Dozent*) in Jena in 1863. He became Professor in 1870, and Director of the Observatory in 1875. Up to manhood his means of subsistence had been very scanty. Private lessons, some scholarships, the solution of prize questions, had helped him on during these years of study and teaching. The sternness of life fixed in him an inherited taste for a simple way of living; luxury in any form was distasteful to him as an enervating foe to hardy manhood.

The year 1866 was the turning point in Abbe's career. Karl Zeiss, a mechanic in Jena, was at that time the University optician. He constructed microscopes in the old mechanical way, scientific principles being unknown to him. In 1866 he felt convinced, however, that mathematical and physical science must come to his aid in order to bring his instruments to such perfection as was then needed for scientific and practical purposes. He asked the young tutor to join his knowledge to Zeiss's own experience, and Ernst Abbe accepted the offer. The man of science now became a practical optician, and his superior knowledge and skill soon gained for the microscopes of the firm the reputation of being the best in the world, a renown upheld to the present day. Scientific researches combined with practical construction had brought about this result, which was completely achieved when, in 1879, with a third assistant, Schott, a young doctor of chemistry, Abbe discovered a process for perfecting the optical glasses of his instruments. Zeiss, Abbe, and Schott founded a technical laboratory for optical glasses, and this workshop took its due share in the work and its successful progress.

In 1875 Karl Zeiss, the owner of the optical works, asked his assistant to become his partner in the business, and Abbe accepted.

Microscopes were not the only instruments to which this creator of the work of the optician as a science turned his attention. The director of the observatory soon became the manufacturer of the incomparable Zeiss telescopes. Photography and photographic projection also awakened his interest. The brilliant epidiascope, micro-photographic apparatus, improved cameras, the tele-objective were fruits of his researches in that sphere. Topographers, architects, engineers make use of Abbe's spectrometer, refractometer, stereoscope, stereo-comparator, and photo-theodolite. The material and construction of the instruments are

of first-rate quality. No wonder that in spite of the high price which the instruments command, the firm has no need to fear competition. The instruments which serve for scientific experiments are not patented, lest the course of progress might be hindered. Abbe did not believe in the infallibility of his own brains, and gladly accepted scientific help from any quarter whatever.

In 1888 the founder of the works, Karl Zeiss, died. His son quitted the business in 1889 after having received his legal share. The German professor thus became the sole proprietor, and his fortune would have been sufficient to permit him to enjoy the leisure which is commonly the accompaniment of wealth. Neither his own nor his family's inclinations, however, lay that way. Their views of life had remained ideal, showing no love for self-aggrandisement and self-absorption, and were permeated with a deep-felt responsibility towards all those in their employ, both officials and workmen, but especially the latter. Abbe's altruistic sentiments took definite form as soon as the opportunity for their exercise presented itself.

The professor, scientist, manufacturer now became a modern social reformer of the most radical kind: not a theorist or visionary like Carlyle, but a man of action, the executor of his own ideas. They had long been pondered over. On the 1st July, 1891, the fruit was ready for plucking. Ernst Abbe, the sole proprietor of the optical works, divested himself of his ownership by incorporating them in the so-called "Karl Zeiss Institution," bestowing on it his fortune of more than £110,000 to carry out the social reforms he had in view. He himself became one of the managing officials of his institution, a servant where he once had been master, submitting henceforth to the statutes as any other ordinary employee did. The Optical Works was now the legal owner, controlled by its own statutes. It is well worth while taking a look into this document of perfect jurisprudence.

The aim was fourfold: Firstly, cultivation and continuation of the various branches of industry carried on in the establishment, consolidation of its pecuniary interests as a means of sustenance for the several thousand persons employed in it and the making it a useful instrument in the service of scientific and practical pursuits. Secondly, the fulfilment of more comprehensive social duties towards officials and workmen than a single owner could guarantee *for the future* when the works would be under his control no longer. Thirdly, arrangements for opening up opportunities for a better education of the working classes, not only of

this establishment, but also of the town and its environs. And last, not least, a liberal subscription to the University funds, especially on behalf of natural science. Abbe, the man of humble parentage, paid the debt he owed to science more than a thousand-fold. Since 1891, above £200,000 has been given to the University of Jena. New chairs have been founded for several branches of natural science, salaries regulated, and many buildings erected for scientific research. The new University buildings could scarcely have been built without the ample assistance of the funds set aside for this purpose. Abbe never forgot, and said so openly, that the success of his methods was due to the combination of science and practice—science being the primary factor.

The form of government of this small community is that of a co-operative society, with a well-educated and intelligent board of managers. Abbe never thought of putting the executive power into the hands of the workmen. Though he was at heart a democrat, and his sympathy was keenest with the poor, he knew too well the high value of mental culture. His idealism had always been tempered by his common sense and experience. No Utopia for him, and therefore no such failure as Ruskin experienced with his St. George's Guild.

The actual control of the works is vested in the "Karl Zeiss Institution." An official of the Government of Weimar is engaged in his leisure hours to superintend the carrying out of the various provisions of the statutes, but has no power given him over the business operations of the works. Abbe never meant to make the firm a lucrative field for speculation and accumulation of riches. Should it ever sink to that level the institution was to be dissolved, the works sold, and the sum total given to the University and other establishments for public welfare.

The administration of the internal affairs is attended to by a board of managers with partly scientific, partly technical, and partly commercial functions. It is really a republic on a small scale. The committee consists of the heads of the various departments. One of its members is chosen as authorised manager of the whole works. The committee appoint the head engineers for every branch of manufacture carried on in the establishment. They superintend the reserve funds and dispose of the surplus according to the statutes. Abbe himself became the first representative trustee. None of the members of the board get a share of the clear profits paid to every other official and workman at the end of the year. Abbe wanted them to be quite independent of personal motives when fixing the percentage, actuated solely by

fairness and justice and guided by the actual state of the funds. Neither are they allowed to increase their incomes by other private occupations. Their salary is never to exceed the tenfold income of an average worker of more than twenty-four years of age who has been employed in the works for at least three years. The salaries of the officials are to depend on the average returns of the business. The fixed wages of a workman twenty-four years of age amount to about £100 a year. Thus the salary of a manager does not exceed the total sum of £1,000. That seems little enough considering the great responsibility laid upon him. Abbe knew well enough, too, that some of these capable business men might prefer a more lucrative post, but the materialistic bent of such minds had no room in a programme which could only be carried out by men who were intellectually and morally of the same cast as the founder. Up to the present his confidence in the integrity of human nature has not been misplaced.

Every branch of the industry is respectively superintended by a body of officials appointed by the directors. The head of each branch is one of the members of the managing board.

So much for the intellectual headship of the firm. The complement to this official organisation is the provision for the lower officials and workmen. This is the work of a real friend of the people, a social act and an exhibition of political economy in its widest sense. Moreover, its chief value lies in the fact that it was not given under any obligation to the workmen as an alms or as the outpouring of generosity and charitable feeling. It was the epitome of justice, the realisation of the rights of the inferior classes to what was due to them not only in the form of decent wages and regulation of working hours, but also of opportunities for recreation and the cultivation of their minds, and of a sufficient income in case of sickness, disablement, accident, and old age. In a word, real democracy was evolved. There should be no obligation on the part of the recipients, they took but what rightly belonged to them, no more, no less.

The relationship between employer and employed was strictly legal. The moral obligation on the part of the workman consisted in doing his work to the best of his ability, and in behaving himself decently to all connected with him in the factory. Independence of thought and action in religious, social, and political matters was fully guaranteed, and tolerance exercised in its widest sense. Compulsory absence from work on account of public duties is not followed by a suspension of payment. Party

textile industries together, the increase appears to have been 20 per cent. for men and 22 per cent. for women. Owing, however, to 1886 having been an unfavourable year in comparison with 1906, these increases exaggerate by about 4 per cent. the actual betterment of wages.

Finally, hours of labour in a full working week in 1906 were found to vary from about 53 to 57, the number in about half the industries being from 55 to 55½.

A. D. WEBB

CITY NOTES.

We have received the following "City Notes" from R. G. :

Peace in the East.—At the time of last writing—the early days of April—the City was beginning to breathe freely with the passing away of the tension in Near Eastern affairs, which came somewhat unexpectedly, and was at first hardly believed in. With the lapse of time, however, conviction in the steadiness of immediate peace prospects has increased, and there has been a strong revival in markets for securities everywhere, a decline in rates for money, and a moderate improvement in industrial business. In whatever way then peace has been secured, the City is grateful for the moment, but with an undercurrent of apprehension as to what future developments may be later on. The common belief is that peace was secured by an ultimatum from Germany to Russia, including the threat of immediate mobilisation, and the conclusion is that, as this ultimatum was submitted to, Germany is for the moment predominant on the Continent, and nothing can stand against her and her Austro-Hungarian ally. What will be the end? No one can suppose that Germany and Austria have obtained the whole price of their alliance by the immediate settlement of the Balkan crisis, and the prospect for a future not very far distant is clouded accordingly.

Accumulations of Bullion.—The apprehensions are also stimulated by the enormous accumulations of bullion which have been going on for many months, and especially since the beginning of April, not so much in Germany as in Russia, France and Austria. Russia now holds £132 millions of gold, as compared with £119 millions a year ago; the Bank of France £147 millions, as compared with £121 millions; and Austria-Hungary £56 millions, as

compared with £47 millions. What can be the object of this continual accumulation? is an obvious question to ask; and the possibility of political motive is naturally suspected, especially in the case of Russia and Austria, which were so nearly at war. *Per contra*, Germany has accumulated comparatively little, and has, no doubt, been going through an economic and industrial crisis which must make accumulation difficult; but the general trend of the symptoms is at least unpleasant, especially if allowance is made for the permanent readiness of Germany for war, which supersedes the need for any special accumulation of bullion.

Cheap Money.—Putting aside all future apprehensions, however, the City has been rejoicing for the moment in cheap money, and in the restored Bank rate of $2\frac{1}{2}$ per cent., which has now been the prevalent rate for more than a year. Since the American panic of 1907 the anti-cyclonic rate of 2 per cent. has not quite been touched, but there is ample satisfaction with $2\frac{1}{2}$ per cent.

The Stock Exchange Boom.—One of the consequences of the combination of cheap money and the prospects of immediate peace has undoubtedly been a renewed boom on the Stock Exchange. On all sides there are signs of a revival of activity, showing itself prominently in the South African mining market, which has been so long stagnant, but including other markets as well—copper shares, home and foreign railways, Americans, and others; the markets least affected being those for gilt-edged securities, which seem to have fallen permanently into the background. Probably the boom is being much overdone, as is always the case with booms, but the effect meanwhile is stimulating to general business. Apparently, if there is no untoward incident, the spring and early summer of 1909 seem likely to mark the beginning of a new cycle of improvement, not only on the Stock Exchange but in business generally.

Rise in Wheat and Meat.—Simultaneously with the above change has come a remarkable advance in wheat prices, wheat having been once more the subject of a "corner" in Chicago, but a corner this time with a good foundation in the realities of things, as the advance has, on the whole, been maintained, and may even last, it is thought, into the coming harvest year. The result is that the *Gazette* average for English wheat is steadily above the price of 40s., instead of being at 30s. or below, where it has been

for so many years. Fears are expressed that this rise in wheat will affect the consumption of the working classes seriously, and be bad for trade, but this is contrary to long experience. Until thirty years ago wheat was always thought cheap when it was anywhere under 50s., and no particular bad effects on consumption were experienced from fluctuations below that figure. It remains to be seen whether there will be any different effect now from an advance to near 50s. when people have become so long accustomed to much lower figures. Meat has begun to advance in price from similar causes, viz., a shortage all round; and the two changes together will probably have a more serious effect on the consumption of the masses than one alone would have had. As regards meat supplies, those interested may give attention to a paper read by Mr. R. H. Hooker at the meeting of the Royal Statistical Society in May, in which the general causes affecting the supply of meat, and, incidentally, of other articles of agricultural produce, are reviewed.

The Coal Crisis.—Another event unfavourable to the growth of prosperity in the immediate future is undoubtedly the disturbance in the coal trade caused by the Eight Hours Coal Miners' Act, which comes into force on July 1st. Employers have given notice to terminate wages contracts on that date, with the object of enforcing a reduction of wages proportionate to the reduction of hours which the Act necessitates. The men in Scotland and Wales, however, the districts most affected apparently, have intimated their intention to stand by present rates of wages as a minimum. We have thus before us the prospect of a great stoppage of work in coal-mining, which will raise the price of coal all round; while, if there is no stoppage, and the workmen carry their point, there must still be a rise in the price of coal consequent on the diminution of production and increased cost which the Act involves. The situation appears rather serious, considering how greatly other industries are dependent on the price of coal. Iron and steel companies, railway companies, shipping companies, gas companies, in fact all great users of coal, are about to suffer heavy loss, and it is not so easy to see how the industry of the country will accommodate itself to the change.

The Budget.—The City does not much like the Chancellor of the Exchequer's "tremendous" Budget, as is shown by the unusual step of a joint letter which leading bankers and merchants

have addressed to him. Nothing is so difficult to get up in the City as a joint memorial or remonstrance of this sort, and that it has been got up in the present case is a sign of "*the City*" having been greatly moved. The action of the bankers and merchants is surely not unwarranted. What they protest against mainly is the high rate of the income tax and death duties, and their graduation, as involving the evils of taxation on capital, and the destruction of the reserve of taxation which ought to be maintained in ordinary times against the day the country may be called on for great efforts. These are most serious objections to an essential part of the Budget plans, which arrange to cover an artificial deficit of about £16,000,000, mostly by needless income tax and death duties and by increased duties on alcohol and tobacco, where the duties are already high enough, while neglecting the moderate indirect taxes which long experience has shown to be the most useful for revenue purposes and the easiest for the taxpayer all round. The City also objects to the proposed abandonment of the old Sinking Fund, under which surpluses of revenue were applied to reduce debt, these surpluses, it is also proposed, to be applied to "development grants", and here, again, the City is surely right. Reducing debt is perhaps too much of a fetish, because there are some things still more essential in finance; but the old plan of using surpluses for that purpose was wise indeed, the surpluses being to the good after every object of taxation was fulfilled, and therefore the proper instrument of reducing debt to which it is not always wise to apply special taxation.

R. G.

CURRENT TOPICS.

SEVERAL pages in this number of the *ECONOMIC JOURNAL* are occupied by the discussion of two documents, which are probably destined to be epoch-making, the Budget and the Report of the Poor Law Commission. With regard to the former, we ought to explain that Prof. Bastable's memorandum on the subject had left the author's hands before the appearance of the Finance Bill. Otherwise he might have expressed himself more decidedly on some views which have been confirmed by the text of the Bill. For instance, with respect to the manufacturers' beer licence it now becomes clear, in the light of Clause 62, in which the compensating Customs duty is provided, that the licence duty is in fact a small excise on beer. With regard to the Report of the

Poor Law Commission, we have printed two Addresses to the Royal Economic Society, each dealing with that subject. It has seemed superfluous to give a formal analysis of the huge document; the rather as full accounts of it are to be found in the issues of several among our contemporaries. We may notice particularly the article in the April numbers of the *Edinburgh Review* and of the *Sociological Review* (the organ of the Sociological Society).

ON November 28th last the Court of Appeal reversed the judgment delivered by Mr. Justice Neville in the previous July in the case of *Osborne v. The Amalgamated Society of Railway Servants*.

The judgment, unless it be reversed by the House of Lords, is likely to have an important influence upon the political activity of our trade unions. The plaintiff, a signalman, and secretary of the Walthamstow Branch of the A.S.R.S., sought to restrain the union of which he was a member from levying a compulsory contribution in support of a Parliamentary representative. The society is a registered trade union, founded in 1872. In the original rules no mention was made of any such levy as that under discussion. But in October, 1905, and October, 1906, the rules were altered so as to include within the objects of the union the maintenance of a Parliamentary representative. All candidates for such representation were ordered to sign and accept the conditions of the Labour Party, and be subject to their whip. To promote such representation every member was ordered to contribute 1s. 1d. per year. The plaintiff maintained that these rules were not within the objects or purposes of the society, or within the purposes mentioned in Section 16 of the Trade Union Act, 1876, and were *ultra vires*. Mr. Justice Neville held that the provision for Parliamentary representation was *intra vires*, whether or not the representative was required to belong to any particular party. He therefore dismissed the action. In reversing this decision, the Master of the Rolls relied in the main on the argument that the Trade Union Act, 1871, had given certain privileges to a "quasi-corporation" in order that it might carry out certain functions, which functions were clearly present to the minds of the legislature. The gift of the privileges implied a limitation of function. A trade union was not competent to develop other activities not contemplated by the legislature in the Act. He further argued that the Trades Disputes Acts, 1906, confirmed the view that a trade union must be a body with limited objects. In this he found himself in disagreement with Mr. Justice Darling and Mr. Justice

Phillimore in their judgment in the case of "Steele v. South Wales Miners' Federation." The rules relating to the levy for the purpose of securing representation must therefore be declared invalid, and the objects of those rules be declared *ultra vires*. The case is to be carried to the House of Lords. If they uphold the judgment of the Court of Appeal it will probably still be possible for the unions to maintain their representatives. The expense may either be met by voluntary levies, or the representative may be paid indirectly as an executive officer, and nominally, at least, in respect of other duties.

THE recent dissensions in the Independent Labour Party reveal some of the difficulties which are involved in an alliance between avowed socialists and trade unionists who refuse definitely to join the socialist ranks. The present Parliamentary Labour Party is made up of these two elements, and must be distinguished from the Independent Labour Party, known familiarly as the I.L.P., which consists of socialists only. The alliance has naturally exerted a modifying influence on the socialist members of Parliament, and hence the movement of revolt among their more impatient followers. This movement has manifested itself in more than one way. When the Labour Party has decided officially not to contest a vacant seat the local socialists have disobeyed that decision and put forward a candidate of their own, as at Croydon. Mr. Victor Grayson's defiance of the Speaker was supported among a considerable section of the Independent Labour Party, and the refusal of other socialist members to countenance him was regarded as a sign of their deterioration. The issue was brought to a head by a trivial incident. Mr. Grayson, in retaliation on his fellow socialist members, publicly refused to appear upon the same platform as Mr. Keir Hardie. The administrative council of the Independent Labour Party therefore declined to arrange any further meetings for Mr. Grayson. At the annual conference of the Party, held in Edinburgh on April 13th, that part of the Council's report which explained this action was referred back. The four chief members of the Council, Messrs. Keir Hardie, Ramsay MacDonald, Philip Snowden, and Bruce Glasier, thereupon determined to raise the whole question of the dissensions in the Party, and resigned their positions *en bloc*. During the next year the branches of the Party will be engaged in discussing the question of whether they will support the four leaders who have resigned, or the recalcitrants. The issues which are to be decided are the continuance of the alliance with the trade

union members, the maintenance of discipline by the central authority over branches, and the use of manifestations of violence on the floor of the House of Commons.

The Women's Industrial Council who, as we mentioned in our last number, have undertaken an extensive investigation into the industrial employment of married women, appeal for support to the public on the ground that their body "has no party politics, no sectarian views, and no preconceived theory to establish." They cannot command the particular support of any party or school, for the very reason which makes them deserving of general support. The character of impartiality is certainly evinced by the Council's latest publication, "The Case for and Against a Legal Minimum Wage for Sweated Workers" (published by the Women's Industrial Council, 7, John Street, Adelphi, W.C.; price one penny). In the first part of this pamphlet the arguments in favour of the proposal are well set forth; an even more masterly statement of the arguments on the other side is contained in the second part. The maxim, "Hear the other side," is not often so well observed in economic literature.

THE committee appointed by the Associated Chambers of Commerce to consider the laws relating to banking and currency presented their report in March. The committee reject the proposals to compel banks to keep a cash reserve bearing a fixed proportion to their liabilities, and quotes the experience of the United States in favour of their opinion. Their positive recommendations, however, are sweeping: (1) All banks should publish fuller information with regard to discounts, advances, cash in hand and at the Bank of England, deposits and current accounts, &c. (2) Lord Goschen's scheme for the issue of £1 notes, four-fifths against bullion and one-fifth against securities, is accepted. (3) The Bank of England should retain a portion of its fiduciary issue for times of emergency. (4) An elastic limit system of issue is proposed. In times of emergency the Bank of England, on the recommendation of a committee representing the State, the Bank, and the joint-stock banks, should be given an increase of its powers of issue against securities, on payment to the State of a rate of interest which will be neither so high as to make the permission inoperative, nor so low as to encourage speculation up to it.

THE memorial to the late Sir David Dale is to take the form of a Chair of Economics at Armstrong College, Newcastle. An

income of £500 a year is required, and up to the present a sum of £12,000 has been subscribed. The interest of the fund is to be allowed to accumulate until by investment the necessary sum is reached. Meanwhile, lectures or series of lectures on some subject connected with Sir David's work in promoting industrial peace are to be given annually. The first lecture will be delivered by Sir Edward Grey during the month of November.

The University of Lausanne this month celebrates the sixty-fifth anniversary of the distinguished mathematical economist Léon Walras, who was formerly an active, and is still an honorary, professor at the University. There is to be put up in a place of honour a bronze medallion, with an inscription recording the eminent services which M. Léon Walras has rendered to science as author of the general theory of economic equilibrium and founder of the Lausanne school of economics. That school is now worthily represented by Professor Vilfredo Pareto, whose important contributions to mathematical economics we have from time to time noticed in the *ECONOMIC JOURNAL*. One of the latest is the "*Manuale di Economia Politica*," reviewed by Mr. Wicksteed in 1906, and described by him as "a work which is likely to modify and stimulate economic thought to an extent quite disproportionate to the number of its readers. It will probably be understood by few, but everyone who understands it will be influenced by it." We feel more certain about the positive than the negative part of this criticism, especially now that the work has become generally accessible by being translated into French.

The British Association for the Advancement of Science will meet this year at Winnipeg on August 25th. The officers of Section F are: President, Professor S. J. Chapman, M.A.; Vice-Presidents: Professor E. Cannan, Mr. A. L. Bowley; Secretaries: Dr. W. R. Scott (Recorder), Mr. A. B. Clark, M.A. A Paper is to be read by Dr. Bonar (now master of the Mint at Ottawa), and another by Professor Shortt, on some subject connected with industrial arbitration, upon which nobody is more competent to speak. Professor Shortt is now an official at the Canadian Labour Department, and has proved a most successful industrial mediator. Mr. Makenzie King may possibly be able to attend. Mr. Steel-Maitland, who prepared an important report for the Poor Law Commission, will probably contribute an essay

on the social problems caused by the aggregation of population in centres of industry. The subject of the paper by Professor J. W. Jenks, who will be present as one of the guests from the United States, has not yet been announced. It has been decided to devote one day to a joint meeting with the Agricultural Section (the president of which is Major Craigie), at which Canadian agriculture, and particularly the wheat supply, will be dealt with. Two of the Papers at this meeting will be by Professor Mavor and Mr. C. R. Fay. The subject of the Presidential Address is to be "The Hours of Labour: the Effect of Progress upon them, and their Reactions on Progress."

RECENT PERIODICALS AND NEW BOOKS.

Journal of the Royal Statistical Society.

The Costs, Conditions, and Results of Hospital Relief in London. PERCY BRAUN. *Forestry in Some of its Economic Aspects.* By Prof. WILLIAM SOMERVILLE, M.A. (See the writer's memorandum above.) *Prices of Commodities in 1908.* A. SAUERBECK. *Real Wages since 1850.* G. H. WOOD.

The Economic Review.

APRIL, 1903. *The Reports of the Poor Law Commission.* THOMAS JONES. *The Problem of West Ham.* Rev. C. BAUMGARTEN. *The Root Problem of Unemployment.* W. M. LIGHTBODY. *The Cause of Labour.* Rev. G. C. BINYON. *Economics and the Drama.* J. G. LEIGH.

The Edinburgh Review.

APRIL, 1909. *The Principles and Practice of Labour Co-partnership.* Co-partnership is recommended in preference to Socialism. *The Economics of Empire: The Poor Law Report of 1909.* (Referred to above, p. 366.)

The Quarterly Review.

APRIL, 1903. *Sweated Industries and the Minimum Wage.* A severe condemnation of the proposal.

Nineteenth Century.

MARCH, 1909. *A Year with the Public Trustee.* A favourable retrospect.

APRIL. *The Great Inquest.* J. A. R. MARRIOTT. Referring to the Report of the Poor Law Commission, the writer bids us pause—"vacare consideration"—before erasing the distinction between poverty and pauperism. *The New Era in Economic History.* MORETON FREWEN. A Revival of the Silver Question. *The Taxation of Land Values.* A Reply to Mr. Harold Cox. JOHN ORR. Mr. Cox's own words, in the *New York Standard*, December 21st, 1889, are effectively quoted against him.

- MAY. *The Missing Essentials in Economic Science*. W. H. MALLOCK. *Ireland and the Budget*. T. M. KETTLE, M.P. *State Feeding of London Children*. Sir CHARLES A. ELLIOTT. *Poor Relief in the Days to Come*. EDITH SELLERS. Under the new scheme the burden of poor relief would be lighter, the distinction between poverty and pauperism would not be erased.

Contemporary Review.

- MARCH, 1909. *Poor Relief in Switzerland*. EDITH SELLERS. England has something to learn from the better-managed of the varied systems.

- APRIL. *The Poor Law Report*. Rev. CANON BARNETT.

- MAY. *The Causes of Unemployment. I., Defects in Elementary Education*. H. STANLEY JEVONS. Improved education would diminish the expense of national defence, as better-educated youths learn drill more quickly; and would otherwise increase economic efficiency. "The imagination is dazzled with the wonders which would be worked if another forty millions per annum were spent on our schools."

The Clare Market Review.

- MARCH, 1909. *A Symposium on Unemployment*. Land reform, tariff reform, reafforestation, and other remedies are discussed by various contributors.

Socialist Review.

- FEBRUARY, 1909. Mr. THOMAS JOHNSTON inquires, "will interest be paid under Socialism?" and finds that—like rent—it will continue to emerge. "Even under Socialism the young sapling of to-day cannot be exchanged at par for a fully-developed oak." A. MANSBRIDGE, Secretary of the Workers' Education Association, explains "what workers want."

Quarterly Journal of Economics (Boston).

- FEBRUARY, 1909. *A Year after the Panic of 1907*. A. D. NOYES. Recovery has been effected by attacking the cause of the crisis, "the extravagant over-exploiting of capital credit." *The Concept of Social Value*. J. SCHUMPETER. *Recent and Prospective State Banking Legislation*. PIERRE JAY. *The Financial System of the Medieval Papacy in the Light of Recent Literature*. W. E. LUNT. *The Present Period of Income-tax Activity in the American States*. D. O. KINSMAN. The movement is due not to the success of the tax, but to the demand for justice in taxation.

There are added a review of Prof. IRVING FISHER's doctrines on capital and interest, and critiques of the British Board of Trade's investigation into cost of living by WESLEY MITCHELL, and of Rogers' *History of Prices* by H. I. LUTZ.

Political Science Quarterly (New York).

- MARCH, 1909. *Municipal Socialism*. E. J. LEVEY. *Unionism in the Iron and Steel Industry*. J. A. FITCH.

Journal of Political Economy (Chicago).

- JANUARY, 1909. *History of the Employment of Women in the American Cotton Mills*. EDITH ABBOT. This concluding part refers to Whittier's description of Lowell, "The City of a Day" (Prose Works, Vol. I.), to Dickens and Miss Martineau.
- FEBRUARY, 1909. *Land Tenure and Land Monopoly in New Zealand*, I. W. D. STEWART. Should the State sell or merely lease its lands? How can monopolistic aggregation of estates best be prevented? The practical answers to these questions are described.

American Academy for Social Science (Philadelphia).

- MARCH, 1909. This number is devoted to *Labour and Wages*. There is a supplement on the *Child Workers of the Nation*.
- MAY. This number deals with the conservation of natural resources: such as forests, water-power, public land, mines.

Journal des Economistes (Paris).

- MARCH, 1909. *L'échange imposé l'impôt*. G. DE MOLINARI. *La Politique du pain cher*. SCHELLE. *Le Service Medical dans l'assurance ouvrière*. M. BELLOM.
- APRIL. *Les procédés de la Commission des douanes*. YVES GUYOT. *Le Projet d'impôt sur le revenu*. G. DE NOUVION. *Les en entrepôts à domicile*. E. LETOURNEUR.
- MAY. *La réforme des chemins de fer Algériens*. E. MACQUART. Le Canton. P. BONNAUD.

Revue d'Economie Politique (Paris).

- MARCH, 1909. *L'exode du montagnard et la transhumance du mouton en France*. L. A. FAHRE. The growing exodus of the mountaineer population—displaced by sheep—from the Alps, the Pyrenees, and other heights, is deprecated. *La réalité des surproductions générales. Crises générales et périodiques*. A. AFTALION.
- APRIL. *La réalité des surproductions générales*. A. AFTALION. *L'Assurance contre le chômage*. M. BELLOM. *Le Mouvement neo-corporatif et le Syndicalisme ouvrier en Allemagne et en Autriche*. P. PIC.

Revue Economique Internationale (Paris).

- APRIL, 1909. *Le problème des Assurances Sociales*. Prof. PAUL PIC. A survey of insurance against old age, sickness and unemployment as legalised or proposed in different countries, shows a general tendency towards compulsory insurance against such evils. The author is the Professor of Industrial Legislation at the University of Lyons.

L'Economiste Français (Paris).

- MARCH 20TH. M. Pierre Leroy-Beaulieu analyses the world-production of gold for 1908, some £90,000,000; and comparing preced-

ing years, predicts that the world's stock of gold in 1912-18 will be double what it was in 1888. A rise of general prices is not unlikely.

MARCH 27TH. *L'avènement d'une nouvelle féodalité*. PAUL LEROY-BEAULIEU. The capitulation of government to the postal employees is the more lamentable, in that the sphere of Government as an employer is extending.

MAY 22ND. Referring to the failure of renewed agitation, M. Leroy-Beaulieu maintains that public servants should be forbidden to strike.

Jahrbücher für Nationalökonomie (Jena).

MARCH, 1909. *Die Bedeutung der wissenschaftlichen Nationalökonomie für die praktische Wirtschaftspolitik*.

APRIL. *Beiträge zur Reichsfinanzreform*. W. GERLOFF.

Jahrbuch für Gesetzgebung (Leipsic).

1909. Heft 2. *Über die Theorien der Geldwesens*. G. F. KNAPP. A lecture by the well-known monetary theorist. *Die Ordnung des Geld- und Kapitalmarktes*. A. SPIETHOFF. *Eine neue Methode der Vergleichung Statistischer Reihen*. F. TONNIES.

Zeitschrift für die gesamte Staatswissenschaft (Tübingen).

HEFT 1, 1909. *Die Arbeitgeberverbände in der Schweiz*. A. SCHAEFFER. There has lately been a rapid and significant growth of Employers' Associations in Switzerland, as an outcome of the wide-spreading strike movement of 1905.

Zeitschrift für Volkswirtschaft (Vienna).

Vol. XVIII., 1909, Heft I. and II. *Inama-Sternegg* and *Anton Menger* are the subjects of the first two articles. In the third Dr. J. Schumpeter discusses the Austrian doctrine of "imputation."

Giornale degli Economisti (Rome).

FEBRUARY, 1909. *Il Monometallismo ed i cicli industriali*. M. FANNO. *Il disegno di legge per modificazioni nella contabilità dello stato*. L. O. BORZONI. *Sulla rappresentazione analitica delle curve statistiche*. F. DE HELGUERO. *I comuni e la abitazioni popolari in Germania*.

MARCH. *Concetti nella Teoria del Capitale*. L. AMOROSO. *La libertà e l'obbligatorietà nelle assicurazioni Sociali*. G. ANAS. *Sui metodi per la misura delle Correlazioni*. C. BRESCIANI.

APRIL. *Sul metodo storico in Economia*. G. ARIAS. *Rapport de l'Administration des Monnaies et Médailles (1908)*. G. B. SALVIONI. *La doppia imposta su i debiti e i redditi in Italia*. B. GRIZIOTTI. *Sui metodi per la misura delle Correlazioni*. G. BRESCIANI. Covers the ground of Pearson and Yule.

La riforma Sociale (Turin).

MARCH-APRIL, 1909. *La sintesi economica di Achille Loria*. CAMILLO SUPINO. (An appreciation of the work reviewed above, p. 280.) *L'uomo economico e la cooperazione*. R. MICHELS. *La funzione economica del Sovraprezzo e del premio e la tassa-*

zioni. A. CABIATI. Deep questions relating to capital, enterprise, and taxation are probed. *Il calcolo della ricchezza privata*. L. PRINCIVALLE. *Due secoli di vita agricola in una provincia Piemontese*. C. PRATO. The writer is the author of the work reviewed in the ECONOMIC JOURNAL, March, 1909.

NEW BOOKS.

BARNES (G. N.), M.P. *The Unemployed Problem*. London: Co-operative Printing Society. 1909. Pp. 27.

[A paper read at a conference in the Guildhall, April 24th.]

BARNETT (CANON). *New Poor Law or No Poor Law*. Being a Description of the Majority and Minority Reports of the Poor Law Commission. With an Introductory Note by Canon Barnett. Dent. Pp. xiii + 176. 1s.

BARON (HAROLD). *Chemical Industry on the Continent*. (A Report to the Electors to the Gartside Scholarships.) Manchester: University Press. Pp. 71.

[Reviewed above.]

BOOTH (BRAMWELL). *The Salvation Army and Poor Law Reform*. Statement of Evidence by General Booth to the Royal Commission on the Poor Laws. With Introduction and Notes by Bramwell Booth. The Salvation Army, and Simpkin, Marshall. Pp. xxxvi + 64. 1s. net.

BOULTON (Prof. W. S.). *Practical Coalmining*. London: Gresham Company.

[A comprehensive work in sections by different writers on various aspects of the Coalmining Industry. Our readers will be specially interested in the seventeenth section, on *Economics of Coal*. Mr. H. Stanley Jevons here well restates the relevant themes of production and distribution; Mr. David Evans gives a good description of the Coal Market.]

BEANLAND (W.). *The Case against Socialism*. The Walter Scott Publishing Co. Pp. 75. 1s.

BOLLAND (W.). *The Railways and the Nation: Problems and Possibilities*. (Unwin's Sociology Series.) Unwin. Pp. 144. 1s. net.

BROWN (A. T.). *Lectures on Banking Law*. Tutorial Institute. Pp. 99. 3s.

CHAPMAN (Prof. S. J.) and HALLSWORTH (H. M.). *Unemployment. The Results of an Investigation made in Lancashire*. Manchester: University Press. Pp. 164. 2s. net.

CHOMLEY (C. H.) and OUTHWAITE (R. L.). *Land Values Taxation in Theory and Practice*. Sidgwick and Jackson. Pp. 242. 1s. net.

COBDEN CLUB. *Tariff Makers, their Aims and Methods*. London: Cassell. 1909. Pp. 119. Price 1s.

[A sequel to "Fact versus Fiction"—reviewed in the ECONOMIC JOURNAL—prepared mainly by Lord Eversley.]

CONNELL (A. C.), LL.B. *Pitman's Companies and Company Law*. Sir Isaac Pitman. Pp. 332. 5s. net.

COZENS COOKE (E.). *The Case against Protection, being a Summary of the Proceedings of the International Free Trade Congress.* London: Cassell. 1909. Pp. 80. 3*d*.

[An "informal précis" based on the Report of the Proceedings of the Free Trade Congress, reviewed in the March number of the Journal.]

DAY (RUSSELL), B.A., I.L.M. *Co-partnership.* London: Chartered Institute of Secretaries. 6*d*.

EDWARDS (A. D.), Medical Officer of the Bournemouth Education Committee. *Children of the Poor.* London: Hammond. 1*s*. net.

EMERY (H. C.). *Company Management. A Manual for the Daily Use of Directors, Secretaries, and Others.* London: E. Wilson. Pp. 278. 5*s*. net.

Feeble-Minded, the Problem of the, an Abstract of the Report of the Royal Commission on the Care and Control of the Feeble-Minded. With an Introduction by the Rt. Hon. Sir Edward Fry, G.C.B., and contributions by Francis Galton, F.R.S., Rev. W. R. Inge, Professor Pigou, Miss Mary Dendy. P. S. King. Pp. 113. 1*s*. net.

FOSTER (WILLIAM). *The English Factories in India, 1624-1629. A Calendar of Documents in the India Office.* Oxford: Clarendon Press. 1909. Pp. 388.

FRY (T. HALLETT). *The Income Tax Incubus and the Budget.* London: H. Cox. 1909. Pp. 102. 1*s*.

[The present system is severely criticised. The depression of the exemption limit to £150 and the fuller taxation of the incomes of foreigners are recommended.]

GIBB (G. S.). *Railway Nationalisation.* London: Royal Economic Society.

[The paper read at the quarterly meeting of the Royal Economic Society, Nov. 10, 1908.]

GIBSON (A. H.). *Human Economics, Natural Economy, and Cosmopolitan Economy.* London: Longmans. 1909. Pp. 406.

[A sequel to *Natural Economy*, published nine years ago. As a chartered accountant the author had experience of "the actualities of production" and "most branches of commercial life."]

HENDERSON (CHARLES R.). *Industrial Insurance in the United States.* Chicago: University Press; London: Unwin. 1909. Pp. 427. 9*s*. net.

[An adaptation of "Die Arbeiter-Versicherung in der Vereinigten," published as Heft xvii of Dr. Zacher's *Die Arbeiter-Versicherung im Auslande*.]

HIRST (MARGARET E.). *Life of Friedrich List and Selections from his Writings.* With an Introduction by F. W. Hirst. London: Smith, Elder. 1909. Pp. 331.

HOBSON (J. A.). *The Industrial System. An Inquiry into Earned and Unearned Income.* London: Longmans. 1909. Pp. 328.

HOBSON (A. L.). *Letters from a Settlement.* Arnold. Pp. xiii + 263. 4*s*. 6*d*. net.

HOBROCKS (JOSEPH). *Railway Rates. The Method of Calculating Equitable Rates and Charges for Merchandise carried on Railways.* London: Swan Sonnenschein. 1909. Pp. 485.

[Reviewed above.]

HUTCHINS (B. L.). *The Public Health Agitation, 1833-48.* London: Fiffeld. 1909. Pp. 150.

[Reviewed above.]

JEVONS (W. STANLEY). *Investigations in Currency and Finance.* Edited, with an Introduction, by Prof. H. S. Foxwell. New edition, abridged, with Preface by H. Stanley Jevons. London: Macmillan. 1909. Pp. 347.

[Reviewed above.]

JEVONS (H. STANLEY) and EVANS (DAVID). *Economics of Coal.* London: The Gresham Publishing Co. 1909. Pp. 34.

KNIGHT'S Synopsis of the Report of the Royal Commission on the Poor Laws and the Relief of Distress. Knight. Pp. 195. 1s. net.

MARRIOTT (H.). *The Fixing of Rates and Fares.* London: Railway Gazette. 1908. Pp. 86. 2s. net.

MEYER (Mrs. CARL) and BLACK (Miss CLEMENTINA). *Makers of our Clothes.* London: Duckworth. 1909. Pp. 304. 5s.

NATHAN (Sir NATHANIEL). *Economic Heresies.* Being an Unorthodox Attempt to appreciate the Economic Problems presented by "Things as they are." Constable. Pp. xviii + 423. 10s. 6d. net.

NORTHROP (W. B.). *Wealth and Want: A Study in Living Contrasts and Social Problems.* T. Griffiths. Pp. 334. 5s. net.

PEARSON (KARL). *The Scope and Importance to the State of the Science of National Eugenics.* London: Dulau. 1909. 1s.

Poor Law (the Royal Commission on the), and the Relief of Distress. The Recommendations contained in the Majority and Minority Reports, together with Explanatory Notes on the Majority Report. By the Editors of the *Poor Law Officers' Journal.* The Poor Law Publications Co. Pp. 212. 1s.

PRIET (L. L.). *Money and its Relation to Prices.* London: Swan Sonnenschein. 1909. Pp. 200.

[A third edition of the book reviewed in the *ECONOMIC JOURNAL*, Vol. VI. The new preface to this edition points to the effects of the recent great increase in the output of gold.]

RAFFETTY (T. W.) and SHARP (W. H. CARTWRIGHT). *The Nation's Income: An Outline of National and Local Taxation.* Murby. Pp. 123. 2s. net.

RAINE (G. E.). *The New Land Tax.* London: Municipal Society. Pp. 79. 6d. net.

REASON (WILL), M.A. *Poverty.* With a Preface by L. G. Chiozza-Money, M.P. (Social Service Handbooks, No. 7.) Headley. 1s. net.

ROOT (J. W.). *British National Finance.* Eyre and Spottiswoode. Pp. 203. 5s. net.

ROWE (L. S.), Ph.D., LL.D. *Problems of City Government.* Appleton. Pp. 358. 6s. net.

ROWNTREE (J.) and SHERWELL (A.). *The Taxation of the Liquor Trade.* Abridged edition, paper bound. Macmillan. Pp. 212. 6d.

ST. CLAIR (O.). *Low Wages and No Wages. An Essay on the Economic Causes of Poverty, Unemployment, and Bad Trade.* London: Sonnenschein. 1908. Pp. 240. 2s. 6d. net.

SARKAR (JADUNATH, Professor, Patna College). *Economics of British India*. Calcutta: Sk. Lahiri. Pp. 144. 4s. net.

SCHLOSS (D. F.). *Insurance against Unemployment*. London: P. S. King. 1909. Pp. 132.

SHADVEIL (ARTHUR). *Industrial Efficiency*. New Edition. London: Longmans. 1909. Pp. 720.

[A reprint of the work reviewed in the *ECONOMIC JOURNAL*, 1906, with a supplementary chapter containing corrections and additions. It has been "reduced to a single volume and published at a very moderate price without any sacrifice of type."]

SMITH (C. D.). *Natural Monopolies in Relation to Social Democracy*. Fifield. Pp. 159. 2s. 6d. net.

SMITH (J. C.). *Money and Profit Sharing or the Double Standard Money System*. London: K. Paul. 1908. Pp. xix + 232. 7s. 6d. net.

TAYLOR (THOMAS, F.). *The Fallacy of Speed*. London: Fifield. 1909. Pp. 63.

[We have increased the speed of locomotion without enlarging the happiness of the people in respect of residence, remuneration of work, and recreation.]

TOMPSON (F. W.). *High Licence: A Critical Examination of the Licence Duties Prevailing in the United Kingdom and in the United States*. London: Macmillan and Co. 1909. Pp. 74.

[Reviewed above.]

Unemployed: Agencies and Methods for Dealing with, in Certain Foreign Countries, Ch. 2,304. Board of Trade Publication. Wynans. 1s.

WITHERS (HARTLEY). *The Meaning of Money*. London: Smith and Elder. 1909. Pp. 307.

[Reviewed above.]

YOUNG (T. E.). *A Plain Guide to Investment and Finance*. London: Macdonald and Evans. 1908. Pp. 308.

[Reviewed above.]

CONANT (C. A.). *A History of Modern Banks of Issue, with an Account of the Economic Crises of the Nineteenth Century and the Crisis of 1907*. Fourth Edition. Putnam, Pp. 751. \$3.00.

COLY (CHARLES HORTON). *Social Organisation. A study of the larger mind*. New York: Scribner's Sons. 1909. Pp. 426.

[The writer is Professor of Sociology in the University of Michigan. He is the author of "Human Nature and the Social Order."]

FRY (WILLIAM H.). *New Hampshire as a Royal Province (Columbia University Studies)*. New York: Columbia University; London: P. S. King. 1909. Pp. 526.

HILLQUIT (MORRIS). *Socialism in Theory and Practice*. New York: Macmillan Co. 1909. Pp. 361.

[Reviewed above.]

MACLEAN (A. M.). *Wage-earning Women*. New York: Macmillan. 1908.

MEANS (D. MACGREGOR). *The Methods of Taxation Compared with Established Principles of Justice*. New York: Dodd. 1909. Pp. 380.

NITTI (F. S.). Catholic Socialism; translated from the 2nd Italian edition by Mary Mackintosh, with an Introduction by D. G. Ritchie. New York: Macmillan. 1908. Pp. xx. + 432. \$2.75 net.

PHELAN (Dr. R. V.). The Financial History of Wisconsin. (Bulletin of the University of Wisconsin.) Madison. 1908. Pp. 475.

[The property tax, the poll tax, and other interesting varieties are described.

PUTNAM (BERTHA HAREN, Ph.D.). The Enforcement of the Statutes of Labourers during the first decade after the Black Death, 1349-1356. (Columbia University Studies.) New York: Columbia University. 1908. Pp. 480.

TANNER (EDWIN P.). The Province of New Jersey. (Columbia University Studies.) New York: Columbia University; London: P. S. King. 1908. Pp. 712.

BRUNEAU (L.). Les Chèques et Virements portaux. Avec préface de M. G. Chastenet. (Paris: Pichon. 1909. Pp. 179.

GIDE (CHARLES), RIRT (CHARLES). Histoire des Doctrines Économique depuis les Physiocrates jusqu'à nos Jours. Paris: Larose. 1909. Pp. 766.

GUYOT (YVES). Le commerce et les commerçants. Paris: Doin. 1909. Pp. xvi. + 548.

JEVONS (W. STANLEY). La théorie de l'Économie Politique Traduit par MM. H. E. Barrault, Maurice Alfassa. Avec Préface de Paul Painlevé. (Bibliothèque internationale d'Économie Politique.) Paris: Giard. 1909. Pp. xxiii. + 404.

[The value of the mathematical method is appreciated in the Preface.]

MARSHALL (ALFRED). Principes d'Économie politique. Traduit par Sauvaire-Jourdan et S. Bouyssy. (Bibliothèque internationale d'Économie politique.) Paris: Giard and Brière. Tome II. Pp. 661.

[This volume, like its predecessor, has benefited by MS. notes communicated by the author. The *fifth* edition of the original has been followed from Chapter XI of Book VI. French readers have thus the advantage of the added Chapter XIII, and also of the Preface to the fifth edition which forms an appendix to the translation.]

MARX (KARL). Contribution à la Critique de l'Économie Politique. Traduit . . . par Laura Lafargue. Paris: Giard. 1909. Pp.

[The translation is based on the second German edition.]

MATER (ANDRÉ). Le Socialisme Conservateur ou Municipal. (Collection des doctrines Politiques, xiv.). Paris: Giard. 1909. Pp. 622.

MEYER (L.). La Crise du Syndicalisme. Paris: Barnagaud. 1909. Pp. 58.

SELIGMAN (E. R. A.). L'impôt progressif en Théorie et en pratique. Traduction Française. Par Dr. Ant. Marcaggi. (Bibliothèque Internationale de Science. Prof Gaston Jéze). Paris: Giard. 1909. Pp. 345.

[The French edition has received from the author additions corresponding to those which bring the English edition—reviewed above—up to date.]

VALDEUR (T.). *La vie ouvrière. Observations veçues.* Paris: Giard. 1909. Pp. 278.

BERNHARD (ERNST). *Höhere Arbeitsintensität bei kürzerer Arbeitszeit.* Leipzig: Durcher, Humblot. 1909. Pp. 94.

KOSTANECKI (Dr. ANTON v.). *Arbeit und Armut.* Freiburg: Breisgau: Herd. 1909. Pp. 210.

MÜLLER (G.). *Die Chemische Industrie.* (Teubner's Handbücher für Handel.) Leipzig: Teubner. 1909. Pp. 488.

[The economic aspects of the industry—Patents, Tariffs, Commercial Treaties, etc.,—are presented, in addition to technical details.]

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[Forty papers by as many distinguished economists of different nationalities are here collected in honour of the veteran Professor Schmoller.]

STAMMHANNER (JOSEF). *Bibliographie des Socialismus und Communismus.* Band III. Jena: Fischer. 1909. Pp. 473.

SZTERENYI (JOSEF).—*Entwurf für ein neues Ungarisches Gewerbe- und Arbeiterschutzgesetz.* Jena: G. Fischer. 1908. Pp. 416.

[This elaborate draft, drawn up with a view to meeting the need for more modern legislation than the old Industrial Act of 1884 (still in force in Hungary), represents, as explained in the Introduction, an attempt to create an up-to-date Industrial Code without "Radikalismus." The draft contains interesting provisions respecting industrial training, hours of work, hygiene, employment bureaux, arbitration etc., and provides for the formation of compulsory trade guilds on the lines of the Austrian "Genossenschaften."]

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GINI (CORRADO). *Il calcolo della ricchezza di un paese in base alle statistiche delle successioni e donazioni.* Treviso; Zoppelli. 1909. Pp. 67.

[The views of De Fvillle, B. Mallet, and other authorities on the subject are criticised.]

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THE ECONOMIC JOURNAL

SEPTEMBER, 1909

HOURS OF LABOUR ¹

AFTER searching for some time for a topic for this address suitable to Winnipeg, I finally made a choice which may not commend itself at first as a happy one. It is not a topic of immediate local interest, but at a distance of nearly 4,000 miles I was not in a position to discover the economic problems the treatment of which would immediately arrest the attention of the people of middle Canada at the present time, and had a wizard's wand disclosed to me such problems I should not have been able to solve them on paper from the other side of the Atlantic. And yet my subject has a direct reference to Canadian affairs, though the extent of this reference is not apparent till we look ahead and view things in perspective. It occurred to me after a cursory examination of some recent examples of that remarkable modern crop of Utopias and anticipations which apparently are appealing to an extensive public. If only these "new worlds" represented what existed somewhere among human beings with passions and infirmities like our own, how much more instructive they would be! one was naturally led to reflect. You will see now the train of suggestion fired in my mind. Clearly, if the gaze of humanity is repeatedly drawn to its future, a visitor from a land of advanced industrialism who had made that industrialism his study, in speaking, in a country as yet thinly populated and young in industrial experience, of some of the most urgent problems which industrialism brings with it, might expect a hearing at least as patient as that which a very minor prophet would win. Now among the most insistent root problems to be found in our great industrial

¹ Presidential Address to the Economic Science and Statistics Section of the British Association for the Advancement of Science, 1909.

city civilisations are those which group themselves around wages, conditions of work and living, and the hours of labour. From this group I have chosen the problem of the hours of labour, as the one which has not, perhaps, received the same measure of practical consideration as the rest. Expressed in another way, our topic is the value of leisure, the bearing of industrial development upon it, and its effectiveness in shaping economic arrangements. The demands continually made for shorter hours and a normal day; the claim, now extensively supported among Western peoples, that the State should intervene; and the fact that some Governments have intervened, even to the length of regulating the hours of adult male labour, are additional grounds for trusting that this topic will be at present of more than academic interest.

We naturally inquire at the outset why the question of leisure does not assume prominence until modern industrialism has supplanted a simpler economy, and why much less is heard of it among agricultural than among industrial communities? In the hand industries of the past the hours of labour were excessively long in comparison with modern industrial standards, and among the peasantry and pioneering farmers work never wholly ceases in waking hours throughout much of the year except for short breaks for meals; and yet little complaint would seem to have reached us from either source. The explanation may lie partially in the fact that new grievances emerge with the spread of the wages system—the problem of the working-day does not present itself in quite the same light to wage-earners and to the self-employed—that these grievances are rendered more articulate by group production; and that the aggregation of people of one economic class in dense packs gives unanimity and volume to the demand for reform. The hardships suffered by a scattered population, occasioning discontents, which, however, stop short of provoking outbreak, seldom succeed in attracting public notice; and people acting in isolation are naturally timid. But this, I think, is not the sole explanation. The character of much of the world's work has changed, and so have the demands made upon leisure.

Industrial work on the whole has certainly become more regular and continuous throughout the year, and analysis would seem to show that work per unit of time gets more severe, in a sense, as communities advance, though no doubt a strong case could be made out for the view that the trend of economic progress is towards an end in which the character of labour generally will be far more conducive both to satisfaction and to human development. I am not so optimistic as to suppose that mechan-

ical improvements do not frequently bring with them a new monotony of work, though higher wages may prevent them from forcing greater monotony of life upon those who suffer from the new monotony of work. Mechanical improvement proceeds by "specialising out" mechanical tasks, the performance of which by hand must be a dreary occupation, but each step in the march of invention seems to create, as a rule, by its incompleteness, tasks meaning a new and more concentrated monotony, though no doubt it must generally result in an appreciable reduction of the amount of dull employment involved in the attainment of a given output. Any work must be wearisome the pace of which is set by a machine and kept absolutely steady. We may usefully compare mechanical improvements with discoveries relating to the utilisation of by-products. The latter always recover from refuse something of value to the community, but they generally leave a refuse more concentrated than that with which they began.

The road of economic advance is by way of specialism, and, just as there has been specialism in tools and in division of labour, so there has been a specialism of labour in working hours and of leisure and social intercourse in non-working hours. Specialism on the one side implies the elimination of waste, whether of means or of time, and it has therefore meant to the labourer the partial or occasionally complete elimination of the leisure with which his working hours used to be plentifully interspersed. In a modern workshop, noise, the necessity of discipline or of a continuously absorbed state of the attention, have frequently reduced the possibilities of conversation to the barest limits. Humanity has no doubt been relieved of the heaviest burden of toil by inventions relating to the mechanism of production, but their application has been accompanied on the whole by the closer concentration of some kind of effort in time. The intensification of labour in a more confined sphere of activity may, as Professor Münsterberg argues, exercise more fully the higher human faculties and thereby bring with it a deeper interest, but it will almost certainly prove more exhausting, even apart from the elimination of change, leisure, and social intercourse. And decade by decade, with the speeding up of machinery, we should expect to find more nervous strain accompanying the process of production. That industrial functioning has become a severer tax on the energy of the workman is fully borne out by the evidence of numerous reports upon industrial conditions.

The increasing nervous strain of industrial work, whether it results from the progressive specialisation of labour or not, would

account sufficiently for the curious circumstance that there is apparently no finality about any solution of the ever-recurring problem of the normal working day, though it is not the sole explanation. The workman whose day has been reduced is soon repeating again his demand for shorter hours, and there are pessimists who infer from this that the shorter hours attained hitherto have shifted the community on to a slippery inclined plane which leads from the economic "struggle for existence"—by which is meant the competitive striving for place, reputation, and achievement, whereby progress is naturally stimulated—to economic stagnation. They think they discern in the present generation a growing disinclination to make an effort and a growing disposition to take the easy path; but that the truth cannot be mainly with the pessimists an examination of the effects of curtailments of the daily hours of labour upon output would at least suggest. A mass of material exists in official and other reports in more than one advanced industrial country for a study of this question. Beginning with the writings of Robert Owen and Daniel le Grand, both of whom laid especial stress on moral and social elements, an investigator would find an almost unbroken sequence of evidence. Mr. John Rae collected a volume of facts in 1894, and these may now be supplemented by the experiences of yet another half generation.¹ Limitations of space forbid that I should quote examples, but I may at least roughly generalise from the recorded facts. I have found no instance in which an abbreviation of hours has resulted in a proportionate curtailment of output. There is every reason to suppose that the production in the shorter hours has seldom fallen short by any very appreciable amount of the production in the longer hours. In some cases the product, or the value of the product, has actually been augmented after a short interval. In a few cases the reaction of the shorter hours on the output per week has been instantaneously noticeable, and the new product has surpassed the old product before mechanical methods could be improved. Further, for some industries—for instance, for the Lancashire cotton industry—we have preserved for us the results of a string of observations reaching back about three-quarters of a century, and it would appear from them that the beneficial effects wrought upon output by the shortening of hours were substantially repeated, though, of course, in different degrees, at each successive reduction of the working day.

¹ Note in particular the report of the Industrial Commission of the United States.

So far I have directed your attention mainly to two incidents bearing upon the hours of labour : the one, the effect of industrial development in curtailing the hours which result in the largest daily output ; the other, the subjective effect of the increasing strain associated with such advance. I have now to add another influence, which is the enhancement of the value of leisure which must accompany a rise in wages, improved education, and social progress generally. It must be insisted that the amount of the real wage yielded by a given money wage varies as the time left to spend it ; and, further, that the value of leisure is a function of the goods which can be enjoyed in the period of leisure. The acute operative would aim at so distributing his time between work and recreation that the gain resulting from a little more leisure would equal the loss consequent upon the implied diminution of wages. Hence, when the volume of goods per head annually supplied to labour was augmented, an attempt would almost certainly be made by the operatives to buy more leisure, even if the satisfaction derived from leisure were unaffected, which it would not be, because the satisfaction derived from leisure must rise when each hour of leisure is enriched by greater possessions. As regards the effect of education, it is sufficient to point out that the value of leisure is a function of appreciative power and that this is developed by education, but it must be observed that the higher appreciative power might enhance the satisfaction got out of the work itself, and that this effect might conceivably counteract the effect on the value of leisure, or even more than counteract it. Ambitions would be further awakened, but the ambitious operative would probably demand, as a rule, more time for study. I think it unquestionable that, on the whole, educational advance causes a curtailment of hours. "But unfortunately human nature improves slowly, and in nothing more slowly than in the hard task of learning to use leisure well. In every age, in every nation, and in every rank of society, those who have known how to work well have been far more numerous than those who have known how to use leisure well. But on the other hand it is only through freedom to use leisure as they will that people can learn to use leisure well ; and no class of manual workers who are devoid of leisure can have much self-respect and become full citizens. Some time free from the fatigue of work that tires without educating is a necessary condition of a high standard of life."¹ Social progress, broadly regarded, by complicating life and rendering vague feelings of social obligation

¹ Marshall, *Principles of Economics*, 5th ed., pp. 719-20.

definite and more insistent, creates new claims on leisure. "Generally it can be said that the more complex the social organism becomes, the more its constituent individuals must devote time, apart from work and business, to the family and recreation, to education and general affairs, the more necessary is a general social arrangement concerning the distribution of time between the several purposes which it has to serve."¹

The eight hours' day has come to be regarded by some social reformers as the ideal of the future. The doctrine that the workman should normally work eight hours a day has been put forward as holding at least as generally and with as high a degree of certainty as, say, the doctrine that the workman should normally sleep some definite number of hours a day. But I should argue that the problem of the length of the working day is of an order different from that of the problem of the time which should be devoted to sleep, for whereas the hours which should be given to sleep depend mainly upon physiological conditions, though these physiological conditions are affected by economic and psychological conditions, the hours which it is wise to assign to labour depend upon the attitude of the workman to leisure and work, which results as much from non-physiological as from physiological influences. It is my purpose to demonstrate that the non-physiological value of leisure, as well as its physiological value, must rise with progress, and, therefore, that in all probability the hours which should normally be worked per day will become steadily less. The ideal working day of the future cannot be eight hours, for it must be essentially a progressive ideal. As a community advances agitation for shorter hours will be constantly breaking out anew. If this be a correct reading of progress, it is important that we should understand fully the forces at work at each re-settlement of the length of the working day, those on the employing side as well as those expressed in the claims of the operatives. I propose now, in consequence, to disentangle the impulses and their relations, into which the question of the determination of the working day at any one time may be resolved.

The problem being elaborate, it is essential that we should proceed by successive steps of abstraction. We need not be afraid in this age of understanding of having recourse to abstraction; it is a method without which every scientific study, whether philosophy, biology, physics, or what not, even history, would be impossible. In the first instance, therefore, I intend to indicate

¹ Schmoller, *Grundriss der allgemeinen Volkswirtschaftslehre*, p. 741.

the length of working day which operatives and employers would respectively seek if they recognised their own interests and were endowed with complete foreknowledge of the effects of different hours of labour upon their interests. I shall assume—as I may legitimately for most employment in production on a large scale—that the workman tends to get as his wage his marginal worth, that is to say, the value which would be lost by his dismissal. We may assume, further, that the marginal worth of the workman for any given working day becomes in the long run a stationary amount. If the efficiency of labour rose continuously in consequence of a reduction of hours it would obviously approximate to some limit, and if it fell continuously in consequence of an extension of the hours of labour it would equally approximate to a limit. After some time the differences between these limits and the actual efficiency of labour could be taken as negligible. Merely for the sake of simplicity, I shall now suppose that one kind of labour only is employed. It is clear, then, that it is possible on these assumptions to indicate what in the long run (*i.e.*, when all the reactions as regards, for instance, the efficiency of labour and provision and arrangement of other agents have taken place) the marginal daily worth of labour will be for different lengths of working day, it being understood that the number of shifts worked remains the same. If the number of shifts were increased the value of the labour would rise, as will be fully explained later. Let us suppose that the following table represents, at a given time, the value of labour of a given kind per week, in relation to the length of the working day :—

Hours per Day					Value of Labour per week in Shillings.
6	...	...	...	...	34
7	...	...	...	...	38
8	...	...	...	...	40
9	...	...	...	...	41
10	...	...	...	...	40
11	...	...	...	...	39
12	...	...	...	...	37

The fall in the value of labour after the working day exceeds nine hours is due to the fact that diminished weekly productivity more than counteracts the direct effect of the extension of the daily time for work. The diminished weekly productivity may be due to impaired vitality—physical, mental, or moral—or to some extent to irregularity, where that is possible, as in the case of colliers. The damage to productivity may be inflicted directly

by excessive work, or it may be indirectly consequent upon it, the prime cause being found in the use of stimulants or recourse to unhealthy excitement in periods of leisure, reactions which are only to be expected when the day's work is very exhausting or very dull. The use of leisure affects, of course, mental vitality, culture, and character, and it will therefore be generally observable that labour which has had its hours reduced will be capable after a time—when the use of leisure has been improved and the improvement has produced its effects—of managing satisfactorily more complicated machinery, and will be generally more responsible and trustworthy, and therefore less in need of continuous watching and directing. Now, clearly, if employers are endowed with the foresight presupposed, and if their hours of work need not increase concurrently with a lengthening of the working day, it is in the case supposed to their interest collectively to come to an agreement not to employ labour more than nine hours a day, and to their interest individually not to employ labour for shorter hours than nine a day. The second conclusion follows from the fact that the weekly product would be augmented by a greater amount than 1s. multiplied by the number of operatives were the hours of labour increased, say from eight to nine, because labour, as every other agent employed in production, is paid not its aggregate but its marginal worth to the business in which it is employed. This proposition may be made more self-evident by the following example. Were labour rendered 25 per cent. more productive all round, the product and real wages would each be raised approximately 25 per cent., other things being equal; but as the product must be greater than aggregate wages the addition made to the former by the longer hours must be greater than the addition made to aggregate wages.

Next, suppose that an agreement between employers, tacit or overt, is impossible, and that each employer will make what he can when he can. What hours, then, will competition among employers tend to bring about, when humanitarian considerations and any resistance from the operatives are ruled out? Suppose the efficiency of labour at the time is that associated with a customary working day of ten hours. The product of the last fraction of the tenth hour could not be zero, for if it were ten hours would not be worked. The ultimate effect of extending the working day beyond nine hours is loss, not because the product of the last fraction of the ninth hour is zero, but because the product of the last fraction of the ninth hour just equals the ultimate reduction of the product of the other hours occasioned

by the lengthening of the working day. Hence, on the assumption that employers are perfectly far-sighted but that agreement between them as to working hours is lacking, the disposition on the part of each employer to reduce hours to nine would be weakened if each employer could not depend upon keeping operatives after he had brought them to the level of efficiency associated with the nine hours' day. The reforming employer would run the risk of paying the whole cost of the labour value created by shorter hours and getting little in return; other employers might secure and exhaust the new labour value, and no permanent good would be effected. Nor would there be any more guarantee in the conditions supposed that the nine hours' day would be retained, if instituted, for an employer could always snatch a temporary advantage by extending hours and paying slightly higher weekly wages. This is a general proof that, on the assumption made as regards the intelligence and foresight of employers and in the absence of agreement between them, the hours resulting in the maximum product would not necessarily establish themselves, no force on the side of the workpeople being supposed operative.

I now pass on to analyse the determinants of the operative's choice in the matter of the hours of labour, assuming that his wage equals his marginal worth and that he knows it, and supposing in the first place that he is endowed with perfect prevision. Two things affect him which do not appeal to the self-interest of the employer, namely, the direct value of his (the operative's) leisure and the balance or dissatisfaction which his work yields of itself. Here I must interpolate the remark that by "satisfaction" or "utility" in this address I merely intend a conventional objective representation of the subjective fact of preference, behind which the economist *quâ* economist cannot penetrate. I say this in order to evade the charge so frequently made against economics that it implies the acceptance of Utilitarianism, psychological or ethical. Picking up again the main thread of our discourse, we observe that, apart from the two considerations mentioned above, namely, the value of leisure and the satisfaction got directly from the activity of labour, the operative's real income is maximised when his money income is maximised. Hence apart from these two considerations the choice, as regards the length of the working day, of perfectly far-seeing operatives would be the choice of far-seeing employers were the latter combined. Now take the value of leisure into account. Any daily duration of production being premissed, if the utility derived from an incre-

mental addition to leisure is greater than the utility of the increment of wage sacrificed by transferring an increment of time from production to consumption, the operative would gain from a contraction of the working day, other things being equal. Recurring to our earlier numerical example, we see that from the long-sighted point of view the productivity of the last fraction of the nine hours' day is zero, while its value as leisure must be greater than zero. Hence the operative would choose to work less than nine hours a day, it being understood, remember, that he is paid his marginal worth and knows what that will be for different daily periods of work. Leisure consists in rival satisfaction-yielding occupations, active or passive, which are rendered possible by wages. There is consequently a close connection between this and that other determinant of the operative's choice, namely, the positive or negative utility associated with labour itself. It may be granted that in the long run, after the working day has exceeded a certain length, any further addition to it diminishes the satisfaction directly derived from working or adds to the balance of dissatisfaction. If a balance of dissatisfaction were associated in the long run with the efforts of the last minute in the working day which the operative would otherwise choose, as would ordinarily be the case, he would elect, other things being equal, to work an even shorter day, the duration of which would be determined at the point at which the gains and losses came to equivalence when everything was taken into account, that is to say, at the point at which his satisfaction was maximised. Did the last minute of working still yield satisfaction in the long run when the hours were nine (referring to the case supposed), which is so highly improbable as to be a negligible case, the operative would prefer to devote more than nine hours of his day to production were this satisfaction of working greater than the value associated in the long run with the last minute of leisure left when nine hours a day were given to business.

So far in considering the operatives' interests we have fixed our eyes on a remote perspective. We next focus our attention upon immediate tendencies and suppose them not to be counteracted by forces arising out of a regard for ultimate results. In these circumstances the operative would be inclined to select a longer working day than that which would be continuously the most advantageous to him, because he would be blind to the reaction of the longer hours on efficiency and so on earnings and the capacity to take pleasure in work. Many people lower the general level of their earnings in the future, and spoil their enjoy-

We are assuming throughout, it must be remembered, that the wage will always be the operative's marginal worth—that is, what would be lost if he were dismissed—and that he knows it. Actually, of course, there is frequently an appreciable discrepancy between the marginal worth of labour and its wage, and the

a fixed quantity of labour with the length of the working day on the assumption that the normal working day has been $O b$. Hence the value of the normal product of the last minute of the working day $O b$ is $b g$. *Ex hypothesi* $O b g c$ must equal $O b a$. If the working day is lengthened to $O e$ the product will at first be augmented by $b e k g$, but finally by a gradual decline it will sink to $O b a - b e f$.

The influences guiding the operatives are expressed in the dotted lines, the meaning of which must now be explained. Draw any vertical line $d l$ to the left of b . Then $d n$ is the addition made in the long run to the money income of the operative when the $O n$ th increment of time is added to the working day. Let $d m$ be the long-period value to the operative, when his income is $O n d a$, of the leisure destroyed by the addition of the $O n$ th increment of time to the working day. The curve I is the locus of the point m . Evidently, starting at a , it will lie throughout its length below P , increasingly departing from P (because leisure is subject to the law of diminishing utility and the value of leisure rises with income), and cut $O X$ to the left of b . Apart from the satisfaction or dissatisfaction of working, therefore, the far-sighted operative who took into account the value of leisure would choose a normal day $O i$, which is less than $O b$ (the choice of far-sighted employers in combination). When the normal day is $O i$ the marginal value of leisure to an operative with a wage $O i h a$ would be $i h$, which equals the long-period marginal earnings attributable to the $O i$ th increment of time in the working day. Now, let L indicate the long-period values to the operative of the effects of different lengths of working day on the absolute satisfaction or dissatisfaction involved in the labour itself, L being otherwise interpreted, when units of money are measured along $O Y'$ as well as along $O Y$, and the parts of the curve below $O X$ indicate the prices which would be paid to escape the dissatisfaction involved in working, and the parts above $O X$ the money value of the satisfaction involved in working. As some of the time devoted to production will probably be pleasant to the operative when the length of working day is most favourable to his enjoyment of work, we may assume that L need not lie throughout its length below $O X$. Then the working day which perfectly wise operatives would choose would be $O n$, the point n being such that $n m = n l$, the attainment of which equation is the condition under which the operative's satisfaction is maximised. If, as is theoretically conceivable but practically impossible, L lay further above $O X$ for the abscissa $O b$ than I lay below it, the length of day most advantageous to the operative would be greater than $O b$.

If normal hours are $O n$, the operative who lives for the day and is aware that more work, measured by results, means proportionally more pay, will obviously desire hours longer than $O n$ for the following reasons. The product attributable to the $O n$ th increment of working time is greater than $d n$, since $d n$ represents the gain resulting from the $O n$ th increment of working time, less the loss occasioned by the reduction which will ultimately take place in the productivity of the operative's earlier hours in consequence of the addition of the $O n$ th increment of time to the working day. For similar reasons the short-period or immediate value of leisure might be less than $d m$. Again, the money measure of the disutility of the $O n$ th increment of working time is less than $n l$, because $n l$ measures the disutility of the last fraction of time worked, together with the disutility which results from the fact that the $O n$ th increment of working time diminishes capacity in earlier hours to enjoy labour or sustain fatigue. It is evident, therefore, that a balance of gain accrues to the operative from the work of the $O n$ th unit of time,

usual connection between them has not been commonly understood by the wage-earning classes. It would seem from the records of labour movements as if the operative's fear—based as much on ignorance as on distrust—lest the longer day should mean no more pay, though the weekly product would be greater, has protected him against the injurious consequences of short-sightedness; but I am inclined to think that the dominant force in these labour movements has consisted in ideals of life, formed half instinctively, which are unconnected with views, fallacious or otherwise, concerning the mechanics of distribution. Bad arguments have been used to justify good ends. To these ideals of life I shall refer again.

In reality the actions of both employers and employed, in so far as they are governed by self-regarding motives, will be compromise resultants of immediate impulses and long-sighted calculations. Long-period results which are not very remote will usually be appreciated, and employers as well as operatives may aim at them, because the former may think the length of time an operative usually stays with one firm sufficient to justify a slight present sacrifice made with the object of securing improvement in the operative's efficiency.

The above analysis explains not only disagreements between when everything, including wages, is taken into account, but the effect of the work on the O n th unit of time on the gain associated with the rest of the working day ignored; and, further, that the balance of gain attributable to the O n th hour will not disappear, though it may contract if the working day be slightly extended. Hence we must conclude that operatives who are not alive to the reactions of long hours on efficiency and capacity to enjoy life and work will tend to choose a longer working day than is wise from their point of view. However, to repeat, they will not approve such long hours as employers who are equally blind to future reactions, because the latter, if purely self-interested, make no allowance for the disutility of labour to the operative or the utility to him of leisure.

In the event of progress in methods of production the new position of P would be such that the area enclosed between it and the co-ordinate axes would be increased. P in its new position might cut OX at b , but in all probability the new intersection with OX would be to the left of b . It is not likely to fall to the right of b , since improvements in the mechanical aids of labour seldom mean that work is rendered less exhausting. Even if the new curve P passed through b , the new position of I would practically mean its intersection with OX to the left of i because of the enhanced value of leisure. Further, L , though it might rise higher than before, would probably descend sooner and at least as steeply. It is to be observed in addition that but for interest, rent, and heavy depreciation charges, industrial progress would bring about movements of P involving more considerable augmentation of the area contained between P and the co-ordinate axes. Improved education, apart from its effect on efficiency, would bring about a subsidence of the curve I , so that in its new position it would cut OX to the left of i . The effect wrought by progress on short-period forces need not be worked out in detail. The general conclusion is manifest that progress may be expected to be accompanied by a progressive curtailment of the working day

employers and operatives as regards the normal working day, but also the friction which is constantly generated in the matter of "overtime." Without the admission of overtime heavy losses might be experienced by an industry in view of the inelasticity of its production and fluctuations in the market in which it sold; but, on the other hand, overtime once admitted sometimes tends to be worked out of proportion to the special need for it, and operatives are apt to suspect that it is being used unfairly to extend the normal day.

I now desire to compare specifically the effect on wages with the effect on the working day of the mechanical action of pure competition. In the matter of wages, if operatives were too weak to have much influence in settling their pay, competition between employers, were it keen and unchecked by combination, would at least secure to the operatives as a wage, for a given working day, their marginal worth (within limits set by social friction) in view of their then state of efficiency. Thus in the circumstances supposed the operative would tend to get approximately the utmost possible—apart from the question of the reaction of wages on efficiency—in an active society reposing economically on a basis of freedom of enterprise, for we may take it that in such a society the bidding of individuals against one another for labour would continue at least up to the known marginal worth of labour. Observe, however, that the existence of such bidding may imply that new businesses are being established, or that old-established employers are anxious to make considerable extensions, for old-established employers, knowing that similar workmen must be paid the same, might avoid courses of action which resulted in a gain less than the loss involved in the elevation of wages. It is doubtful whether employers would as a rule assume that if they did take steps leading to an advance in wages others would do so, for, not unnaturally, employers are commonly indisposed to disturb rates of wages except for strong reasons. And in the cases in which competition is effective in raising wages to the marginal worth of labour it must be remembered that employers even if endowed with a powerful telescopic faculty, would not necessarily be induced by self-interest to offer the wage in excess of the operative's worth at the time which would ultimately produce (by augmenting the bodily and mental vigour of the operative) efficiency value equal to it, for their precautionary instinct would attach weight to the apprehension lest some of their operatives should leave them and carry to rival employers the proceeds of the long-sighted investments thus made in them.

Other things being equal, of course, the higher the efficiency of labour the greater is the gain, not only of the workman, but also of the employer. Now, as regards the working day, we have already seen that uncombined employers might keep it longer than would be desirable from their point of view, for the same reasons for which they might keep wages lower than would be desirable from their point of view. These reasons are, I repeat again, short-sightedness, or fear of incurring an expense the fruits of which other employers might reap. In this respect competition between employers is equally defective in its bearing on wages and in its bearing on the length of the working day. But it has an additional defect, as regards the amenities of working-class life, in its bearings on the length of the working day; for though competition between employers in an enterprising society would bring about the degree of devotion of time to production which the operatives would choose at the wages rendering it possible, the choice of the operatives is apt to be governed by a circumscribed vision which is partially blind to the responses of efficiency to abbreviated hours.

It would seem, therefore, that two reasons at least can be derived from economic theory for State intervention in the matter of the hours of labour, if it be assumed that the State can discover what is best for the country. The one is to correct the tendency of people engaged in industry to agree upon an amount of sacrifice to money-making, which means a large future loss, involving the next generation, for a small present gain; the other is to fortify, if needful, the resistance of operatives to the disposition of some employers to secure a greater product at the expense of the operatives' convenience. This conclusion would, however, be too hasty a deduction. Economic matters are settled, not merely by the self-regarding forces which we have hitherto emphasised, but also by social conceptions, embodied in public opinion and class notions of what is right and proper, which defy expert analysis and any accurate evaluation as influences. These social conceptions, which are not deliberately framed on a rationalistic basis, but proceed insensibly as it were from the needs of human life, are less intermixed with religious elements now than they used to be, but are none the less powerful. Resting on the seventh day is not at present a religious observance to the extent to which it has been in certain periods of past history, but it has not universally been found necessary to supplement the declining religious sanction with the legal sanction. How far progress which runs counter to tendencies determined solely by self-regarding forces

may be left with confidence to the operation of these incalculable motives which sway every community can be settled only by careful observation. It is sufficient now to recognise their existence, and to point to the reductions of the hours of labour in recent years. I do not propose to consider here, in the light of the existence of these incalculable motives, the merits and demerits of the method of legal enactment for attaining the ideal in the matter of the daily duration of toil, except to observe, first, that Government interference which aimed at securing reasonable hours for adult males in all the diversified industries of a country would entail elaborate, elastic, and frequent legislation, and would no doubt be accompanied by many grave errors; and secondly, that a *prima facie* case can be made out for the regulation of the hours even of adult males by authoritative boards, Order of the Home Office, or by statute, when labour is weakly combined and hours are evidently sweated hours, and evidence is forthcoming that they are detrimental to health or vigour. Nor do I propose to consider whether it might not be better to suffer for a time present ills in the hope that there would grow up in the community an adequate power of self-regulation, which would incidentally be accompanied by highly valuable social consequences, outside the sphere of our present inquiry, that otherwise might never have been elicited. I am hopeful that the intangible force of public opinion, directed by economic and ethical enlightenment over a field rendered yearly more co-extensive with contemporary facts in consequence of the growing 'demand for publicity' and the response made to that demand by governmental authorities and the Press, will become in the future an increasingly efficacious factor in progress, apart from its expression in law. Even to-day, in view of the dependence of producers on demand, neither employers nor trade unions can afford to brave for long public sentiment, though unorganised, when it is deeply stirred; and public sentiment in the years before us may be expected to respond more sensitively to incidents in its surroundings which offend against social conceptions of what is right and proper. The cases of children, young persons, and women, which bring in special considerations, must be ruled off from the subject matter of this address.

There is no doubt but that all advanced industrialism to-day is feeling the strain of an accumulation of forces tending to bring about an abbreviation of the working day, and that it will be subjected to the same strain in the future. Now, in relation to this experience, it is disturbing to notice that a close-set limit is

imposed upon reduction of hours by the heavy interest and depreciation charges with which the product of a machine is burdened when it works only a fraction of the time for which interest must be paid. As regards depreciation, it must be observed that buildings deteriorate in value at least as much when shut up as when they are occupied; that machinery continues to wear out, and sometimes rapidly, when it is idle; and that the reserve fund necessary because the market may contract at any time, and because machinery may at any time be rendered obsolete, is independent of the length of the working day. Many inventions involve an extended use of capital per head, though all do not, and interest and depreciation charges are, on the one hand, interdicting the application of some of those new ideas to industry which do necessitate heavier capital investment, and, on the other hand, preventing those applied from reducing hours so much as they otherwise would.

The weight of the discouragement indicated above to the shortening of the hours of labour depends, of course, upon the relation between wages and payments for capital in the expenses of a business, and the relation between wages and payments for capital in the expenses of a business varies with the industry. A rough calculation, nevertheless, for a particular industry of the saving in hours which might be effected by the continuous running of plant will not be altogether irrelevant. In the industry for which I have obtained figures, interest and depreciation would be reckoned ordinarily at 10 per cent. on the capital, about half for each, while wages would be in the neighbourhood of $12\frac{1}{2}$ per cent. Now, it being assumed provisionally that the depreciation charge varies as the hours worked, that the rate of interest is a constant, that the equipment of the industry remains as before and labour tends neither to leave the industry nor to flood into it, and that other costs of production are not affected, we find that hours could be reduced from ten to eight without any loss of wages, were the continuous running of plant substituted for the ten hours' day.¹

¹ The calculation is as follows:

Interest	...	...	=	5	per cent of capital.
Depreciation	...	...	=	5	" "
Wages	...	...	=	$12\frac{1}{2}$	" "
∴ Wages + Interest	...	...	=	$17\frac{1}{2}$	" "

Continuous running would mean increasing the annual duration of production in the ratio of $\frac{24}{10}$. Hence, with continuous running,

$$\text{Wages + Interest} = 17\frac{1}{2} \times \frac{24}{10} = 42 \text{ per cent. of capital.}$$

Actually, of course, some of the gain would be taken in the form of higher wages. Further, it must be noticed that the assumptions made do not accurately correspond with fact, though they are satisfactory for the purposes of a first approximation. On the one hand they lead to an over-estimate of the advantages of continuous running, because twenty-four hours of work could not possibly be squeezed into a twenty-four hours' day, and because the cost of artificial light during night work is disregarded, as are also the costs connected with awkward points in organisation, with the sharing of responsibility for the proper treatment of machinery, and with the fact, universally experienced, that night-shifts are not so productive as day-shifts. On the other hand, they lead to an under-estimate of the advantages of continuous running, because the cost of depreciation, as we have seen, is not proportional to the daily hours of work,¹ because the shorter hours would raise the efficiency of labour, and because the demand for capital would be reduced, as would also the demand for land for manufacturing purposes. The inevitable contraction of the demand for capital is a point to be emphasised. If working hours per day were raised from ten to twenty-four, then, the reaction on the efficiency of labour still being disregarded, the old output could be obtained with five-twelfths of the old capital; the consequence would be a fall in interest, an augmentation of the amount of the plant per head of the people working with it at one time, and, therefore, an increased output per head.

In view of its great economies, the shift system calls for very careful consideration. The magnitude of the advantages which the wage-earners might hope to derive from its more extensive application has been denied, on the ground both of theory and of experience of those businesses in which it has been tried. But theoretic objections of a fundamental nature will be found to reduce to false doctrine concerning the determination of wages; and it must be remembered that as the benefits accruing from the

And, as the capital remains as before—

Interest	...	...	...	=	5	per cent. of capital.
Wages	...	...	...	=	37	„ „

Writing x for the daily hours worked per head which would yield the same weekly wages as before, we have

$$\frac{37}{24} \times x = \frac{12\frac{1}{2}}{10} \times 10.$$

$$\therefore x = \frac{300}{37} = 8 \text{ approximately.}$$

¹ Had the depreciation been taken as independent of the hours of work the calculation in the previous note would have pointed to a seven hours' day instead of an eight hours' day.

comparatively few cases in which the shift system is practised are by competition spread over the whole community, the gain of any individual is cut down to a very small figure. It must not be supposed that the effect of its universal adoption would be equally inappreciable. Without general recourse to shift systems I cannot see any immediate prospect of much additional leisure for the mass of the population. Shifts could be designed so that no one shift would be particularly disagreeable to work in, and, if all shifts did not offer equal advantages, the operatives could be moved round, being assigned for so many weeks to each shift. The shifts for foremen, and the management generally, which would have to be strengthened, might be arranged to run over a portion of two operatives' shifts, so as to cement the new work on to the old; and the connecting of the work of each shift with that of the shift which it followed could also be secured by arranging that the unit of labour should be a group of partners, consisting of one man from each shift, it being the duty of each man before commencing work to see his partner in the displaced shift and receive instructions from him. Naturally, a shift arrangement could only be introduced gradually. Are the objections to shifts of such gravity as to counteract their immense economies? The fact that an affirmative answer was generally given to this question in the past is no proof that the affirmative is the right answer to-day in England, or even in industrial Canada. Conditions have been revolutionised in the last fifty years. Improvements in artificial lighting and in intra-urban transportation have alone swept away a mass of the conditions underlying the evils which used to be associated with night work. And two or three shifts of approximately seven hours each, or three or four shifts of approximately six hours each—I state a not immediate attainable ideal—are very different in their effects upon social life, exclusive of those associated with the shorter period of toil for each workman, from two shifts of some ten or eleven hours each. With the shorter shift in use, arrangements could be made without much difficulty for all operatives to get most of their sleep in the night, if they so wished, and to enjoy most of their leisure in daylight. But it is not my intention in this address to make a practical proposal or argue points of detail: I merely present certain theoretic corollaries which have incidentally been derived from our analysis of conditions determining the length of the working day. In conclusion, I may quote Dr. Marshall's final judgment that were shift systems more extensively adopted "the arts of production would progress more rapidly; the national dividend

would increase ; working men would be able to earn higher wages without checking the growth of capital, or tempting it to migrate to countries where wages are lower : and all classes of society would reap benefit from the change."¹

Let me now summarise my main conclusions, and humanise them by restoring the moral and social elements from which our premisses were to some extent abstracted. I have hitherto spoken of progress in such terms that the critic would have some excuse for charging me with narrowness of vision. Progress is not summed up in improvements in productive methods which reduce the cost of things, nor in these improvements combined with the application to production of ideas which render work pleasanter and more educative. Nor is it wholly, or in bulk, summed up even if we add improvements in distribution (resulting in a more satisfying sharing of wealth) and a greater responsiveness of production to the needs of the community. The essentials of what most of us really understand by progress are to be found only in the world of consciousness—in the spiritual constituents of the universe. I mean what we cannot exactly define if we are not philosophers—and hardly then—but something implying a full living, with understanding of life and its surroundings, including its ethics, and a living with volitional powers strong enough to enable us to follow our lights. As all this is actually, though vaguely, desired in some degree by humanity generally, it is no doubt covered by the satisfactions measured in demand, but the admission of its reflection on one plane cannot be regarded as its adequate inclusion in our social philosophy. The most important aspect of the question of the length of the working day consists in its relation to the most intimate constituents of progress. Let us call progress in this sense "culture" —a term perhaps the best of the single terms available to convey my meaning. Now the world appears to be so designed that culture has on the whole a proportionately important place in the most primitive economic conditions. The hours of labour in such conditions may be long, but work is not so continuously absorbing that social intercourse during work is impossible, while variety of experience, contact with nature, and the calls made on initiative afford that intimacy with life as a whole, and that evocation of moral forces, which must be obtained in later stages of civilisation largely through systematic education and books. I have argued above that each step in civilisation brings intensified specialism. Work is by no means rendered non-cultural ultimately, but its

¹ Marshall, *Principles of Economics*, 5th ed., p. 695.

cultural aspects are specialised, as are its objective aspects. Interest may be deepened on the whole, but it is no longer diffused; the need for thought and purpose may be no less than before, but the thought and purpose are of a confined character. The intensification of economic life which is implied is in itself all to the good, but the community must lose something of culture unless corresponding with this intensification there is an expansion of leisure and a specialised use of leisure for the purposes of culture. Certain expressions which have come into common use would seem to be significant of the needs and dangers of an industrial society highly advanced on the technical side. Thus we speak of the "cultured" classes and the "leisured" classes. For the attainment of culture, leisure is essential to-day as it was not in the past in quite the same sense, "culture" being broadly defined. I need not say that a "progress" which meant the "specialising out" of leisure for the sole enjoyment of one class would not commend itself to any reasonable person; and I do not discern any danger of "progress" of this sort; but there is some danger lest the growing importance of leisure generally, and of a proper use of leisure, should not be fully realised. Tangible things force themselves upon our attention as the more intangible do not, and some of us who have an economic bent of mind get into the way, in consequence, of thinking too much of the quantity of external wealth produced and too little of the balance between internal and external wealth. In ultimate terms, to those who care to put it that way, all wealth is life, as Ruskin insisted. There hardly appears to be any risk of a general underrating of external goods, but there is some risk of an underrating of the new needs of the life lived outside the hours devoted to production—which should themselves be, not a sacrifice to real living, but a part of it—and of an underrating of the dependence even of productive advance upon the widespread enjoyment and proper use of adequate leisure and an adequate income.

S. J. CHAPMAN

THE PSYCHOLOGICAL ASPECT OF LAND REFORM IN IRELAND.¹

THE many enactments dealing with Irish land, which have been placed on the Statute Book during the last forty years, have produced many interesting facts illustrative of problems of distribution. They have bettered the social position of the people in a marked degree. They have produced a certain amount of social peace where before was never-ending war. These facts are too well known to demand discussion, and any observer—and not the least a foreign one—would make himself ridiculous by telling a tale which does not need repetition. There is, however, another side to those great reforms which, so far as I know, has not yet been dealt with exhaustively—their influence on Irish production.

I.

It is well known that the old land system of Ireland was very defective; it is equally well known that it did not foster economic progress. Whether we assume that Irish history began with wonderful economic achievements, or whether we reduce those achievements to the moderate dimensions normal amongst primitive people, there is absolute unanimity about the backward state of Irish agriculture during the nineteenth century. The Irish people were perhaps not so wretched as they looked, but they considered a wretched appearance as the best guarantee against arbitrary rent-raising. Insecurity of tenure thus coincided with a wretched state of agriculture. Outside Ulster there was very little agricultural improvement. Ulster alone was quiet and progressive, but Ulster tenants enjoyed a fair amount of fair rent, fixity of tenure, and free sale.

Legal security as embodied in the Ulster tenant's rights seemed to offer him enough incitement to put forth his best efforts. Fair rent, fixity of tenure, and free sale succeeded in transforming the most barren part of Ireland into a flourishing

¹ Read before the Economic Section of the British Association, 1908.

and prosperous country, whilst the rest of it wherever the outward pressure slackened a little, seemed to be worked in a half-hearted way. The old experience that a fair share in the results of his work and the certainty of enjoying it doubles a man's energy seemed to be proved again in Ulster.

Spread that system over the rest of Ireland, and you will transform her into a second Ulster. Agrarian strife will cease, and agriculture will flourish. These convictions grew in many minds; they represented, for example, the opinion of the commission of inquiry presided over by Lord Bessborough when they recommended fair rents, fixity of tenure, and free sale, for up to now "the feeling of insecurity has operated to check the process of improvement of the soil."

The Ulster system, however, and any system framed on its main lines, could only give a limited amount of security. To make Ireland really prosperous it would be necessary to change her shifting forms of tenure into peasant proprietorship. John Bright advocated this course, expecting wonderful results from its adoption. The Irish tenant was to buy his holding: "The next morning after he made that agreement he would explain it to his wife and to his big boy, who had perhaps been idling about for a long time, and there would not be a stone in the land that would not be removed and a weed that he would not pull up, not a particle of manure that he would not save; everything would be done with a zeal and enthusiasm which he had never known before, and by the time the few years had run on, when the farm should become his without any further purchase, he should have turned a dilapidated little farm into a garden for himself and family."¹

His optimistic opinion was shared by many an Irishman. Michael Davitt, who opposed a system of peasant proprietorship, as he wanted the nationalisation of the land, expected, notwithstanding his dissent, very great results from its introduction.

"It would be a great economic advance, for there would be increased production, better cultivation, a better tenant-farmer class. It would check emigration, and keep a great part of the capital in the country. The increased production would stimulate manufactures and commerce. These results have come from it in other countries; therefore we have a right to suppose they would be seen in Ireland. The fact, too, that the impetus given to the work of the tenant-farmer in Ireland by such a scheme would be equivalent to the difficulties under which he has

¹ *John Bright's Speeches*, 2nd November, 1866, p. 197.

laboured—action and reaction being equal, or nearly so, in social movements—must not be lost sight of, because it warrants us in supposing that the beneficial results of peasant proprietary would be even greater in Ireland than they have been in other countries.”¹

It was thus confidently predicted that a large measure of land reform would not only improve the social status of the people by freeing them of heavy burdens—that it would stifle agrarian agitation—it was expected to change the attitude of the Irish people towards work, towards production. The knowledge that the results of their labours would be their own was to show its effects in increased economic activity, and ultimately in a greatly increased agricultural output.

II.

During the last twenty-eight years an ample measure of agrarian reform has been given to Ireland. Fair rent, fixity of tenure, and free sale to a certain degree have been granted to most Irish tenants. In addition to that, a very considerable percentage of them have been transformed into peasant proprietors.

There are to-day about 490,000 occupiers of holdings above one acre in Ireland; on 369,483 holdings rents have been fixed for a first statutory term of fifteen years; in 131,657 cases rents have been fixed for a second term.² Since 1881 the tenants on 143,564 holdings have been converted into owners through the operation of the different Land Purchase Acts, whilst on 173,343 holdings they have concluded purchase agreements. An agrarian reform on an enormous scale has thus been carried out. Has it achieved the success its advocates predicted? has it awakened the slumbering energies of the people? has it changed the aspects of their holdings and transformed sloth into cleanliness? has it increased the wealth of the country, multiplied its produce, and,

¹ *Life of Michael Davitt*, p. 242.

² The number of land-holders is, of course, smaller than the number of holdings, as many land-holders occupy several holdings. A tenant who holds half a dozen farms in the same county is returned as having a single holding of their combined valuation. This method is used in the Census Reports. The Agricultural Statistics, on the other hand, give

(a) The number of all separate agricultural holdings (599,872);

(b) The number of occupiers (552,997).

The term “holding” under the different Land Acts does not correspond absolutely to the term “holding” in the Agricultural Statistics (1908, Parl. Paper Cd. 4412, pp. 2 and 3).

whilst giving increased opportunities for the employment of labour, raised wages, cheapened production, and kept the people in the land, thus stopping emigration and increasing population?

It is not easy to answer all these questions in a methodical way, as the available statistics are anything but complete. Fortunately, however, for such an inquiry, Ireland is not an industrial country, and in such a country the capacity of maintaining a population and increasing it is practically measured by its agricultural output. The statistics of agricultural production are thus, to a considerable degree, an index to national prosperity.

They are, of course, never absolutely accurate, and have to be handled with a certain amount of care. If they tell us of trifling changes, it would not be wise to lay too much stress on our results, and such figures only ought to attract our attention as are capable of an unconstrained interpretation.

Irish agrarian reform begins in 1881; its first period may be concluded with the introduction of the Land Act of 1896. This period might be divided into two parts, the first up to 1887, during which the first rents were fixed, but when the Act did not apply to leaseholders, and when land purchase was practically non-existent. During that period about 180,000 tenancies were fixed, a rental of 3·2 million £ was reduced to 2·6 million £, *i.e.*, a reduction by 19 per cent. Agricultural prices fell between 4·2 per cent. (young cattle) and 26·5 per cent. (flax); bad seasons, exhaustion of the soil, restrictions of credit coincided.

The second part of the period brought an enlargement of the scope of the Land Acts. 150,000 leaseholders were newly admitted to their benefits in 1887. Up to 1896 120,000 rents were fixed and reduced by 23·5 per cent. Land purchase as a settled policy began in 1885. Under the first Purchase Act, 25,203 tenants bought their lands; under the Act of 1891, 5,634 followed. From 1881–1896 about 32,000 holdings, covering about 1,100,000 acres, were purchased for about £12,000,000, and more than 300,000 tenancies were fixed and reduced by 20·9 per cent. Agricultural depression continued; prices were from 32·2 per cent. (flax) to 5·2 per cent. (young cattle) lower than in 1881, but political agitation slackened down towards the end.

The second period embraces the years 1896–1908. Whilst rents continued to be fixed for a first term, many revisions took place, as the original statutory term of fifteen years was ended. About 66,000 rents were fixed for a first time, bringing reductions of about 20 per cent.; 131,637 second rents showed a reduction of 19·6 per cent. on the first rent, or 35·7 per cent. on the

original rental. Land purchase was accelerated. Under the Purchase Acts of 1891 and 1896, 37,000 holdings were purchased up to March 31st, 1903, with a total value of 11 million £. The new Land Act of 1903 quickened this movement considerably. Up to the 31st of October, 1908, 69,855 holdings were bought, representing a value of about £26,000,000, whilst 173,343 tenants entered into preliminary agreements for the purchase of holdings of £54,000,000 value.

During this second period purchase was thus getting more important than rent-fixing. Whilst the previous period was an era of transition, the second period started with the certainty that the farmers' interests would be safeguarded in every direction. There was now no more uncertainty, and the reforms of the first period ought to have produced ever-increasing results, the more so as the agricultural crisis was practically at an end. From 1896 a very few articles show a further fall; in most cases there is a steady upward movement.

TABLE I.—*Movement of Prices in Ireland (from the Statistics of the Land Commission and the Department of Agriculture).*

A.—CATTLE AND DAIRY PRODUCE.

	One year old Cattle.	Two year old Cattle.	Three year old Cattle.	Springers.	Beef, per 112 lbs.	Butter, per 112 lbs.
	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.
1881-1885 ...	123 2	191 9	—	—	63 4½	101 3½
1886-1890 ...	118 11	180 10	228 5	269 8	53 7½	89 3½
1891-1895 ..	110 8	171 8	219 9	254 11	53 4½	96 6½
1896 ...	118 0	173 2	214 3	253 5	52 1	39 9½
1904-1906 ...	138 2	191 6	247 4	266 6	53 7	96 10
1907 ..	143 9	197 6	250 3	275 0	55 0½	90 10½

B.—CROPS.

	Wheat, per 112 lbs.	Barley, per 112 lbs.	Oats, per 112 lbs.	Hay, per 112 lbs.	Flax, per 14 lbs.
	s. d.	s. d.	s. d.	s. d.	s. d.
1881-1885 ...	7 11½	7 2½	6 0½	2 6½	6 4½
1886-1890 ...	6 5½	6 2½	5 4½	2 0½	5 11½
1891-1895 ...	6 4	7 0	6 0½	3 2½	6 8
1904-1906 ...	6 9	7 1½	5 8½	3 1½	6 10½
1907 ...	8 1½	7 1½	6 2½	2 9	7 0½

III.

Ireland's chief industry during the last thirty years has been the pastoral industry; agriculture pure and simple has had very little scope. What has been the influence of those great agrarian reforms on the production of that staple industry?

The Irish cattle trade is mainly organised on the following lines:—The smaller farmers do the breeding; they go in for dairy work and rarely keep the stock above the age of one year. They sell the young cattle to a grazier, who keeps them for some time, grazing them on pasture lands. He rarely does the finishing work, but disposes of his stock between the ages of two and three years old to a finisher, who either does the real fattening in some select Irish district, or exports the stock to be fattened in Great Britain. A glimpse at the cattle statistics of Ireland does not reveal any marvellous changes. Until quite lately the number of cows in Ireland has been almost stationary since 1875-7; sheep have undergone several fluctuations, but have not increased; pigs have decreased, but both classes of animals have increased since 1880-2. There has been a steady increase in horses (which reached its maximum 1895-7), and a very great continued increase in poultry. The value of eggs and poultry export came to about 3·5 million £ in 1906, to almost as much as the value of the export of butter (3·6 million £).

There has been a not inconsiderable increase of cattle other than cows. Starting from the average of 1880-82, cattle have

TABLE II.—*Number of Live Stock in Ireland.*

Average.	Cattle.	Cows.	Sheep.	Pigs.	Horses.	Poultry.
	Millions.	Millions.	Millions.	Millions.		Millions.
1875-1877 ...	4·1	1·5	4·0	1·4	540,000	13·0
1880-1882 ...	4·0	1·4	3·3	0·9	548,000	13·7
1895-1897 ...	4·4	1·4	4·0	1·3	623,000	12·5
1904-1906 ...	4·6	1·5	3·8	1·2	601,000	18·6
1907 ...	4·7	1·6	3·8	1·3	596,000	24·0
1908 ...	4·8	1·6	4·1	1·2	605,000	24·0

increased from 4 millions to 4·8 millions in 1908. The greatest increase seems to have taken place in the number of cattle under two years, a slight increase in older cattle. Looking all round a certain improvement is thus visible, but no improvement wonderful enough to demand a deep psychological analysis of the effects

agrarian reform has had on the Irish mind. The changes since 1895-7, when the full force of former reforms might be expected,

TABLE III.—*Ages of Cattle (other than Cows).*

	Above two years.	One to two years.	Under one year.
1881	900,000	787,000	877,000
1891	963,000	981,000	1,062,000
1906	1,058,000	1,040,000	1,083,000
1907	1,014,000	1,000,000	1,075,000
1908	1,013,000	1,050,000	1,114,000

and when agricultural prospects became more favourable, are rather smaller than those in previous periods—in fact, from 1895-7, with the exception of poultry, very little numerical progress is visible.

That impression is strengthened by a glimpse at the figures of exports to England; a considerable improvement during the first period, no great changes, in some directions even a set-back, during the second period.

TABLE IV.—*Export of Live Stock to England.*

	Cattle.	Sheep.	Pigs.
1880-1882	700,000	517,000	420,000
1895-1897	740,000	737,000	617,000
1904-1906	766,000	700,000	432,000
1907	841,973	660,415	482,000

TABLE V.—*Stage of the Exported Cattle.*

	Fat cattle.	Store cattle.
1880-1882;	267,000	335,000
1904-1905	228,658	463,701
1906	240,617	474,230

There is, moreover, a considerable change in the ages of the cattle exported. Store cattle increased very greatly in numbers, but fat cattle have fallen off. A half-finished article seems to become the staple export of the country. Without pressing that

point unduly, it certainly does not indicate the adoption of a more intensive system of agriculture.¹

Figures alone are not quite sufficient for the formation of an unbiassed judgment of the progress of the Irish cattle trade; we ought to qualify them by data indicating the changes in quality. Unhappily, figures of that kind are not forthcoming. One must be content with the opinions of experts. There has been undoubtedly a good deal of progress in the Irish pastoral industry, for which a great deal of credit is probably due to the Congested Districts Board, to the Department of Agriculture, and to graziers who are not affected by the Land Acts. But experts are certainly not of the opinion that the Irish cattle industry has made marvellous strides as far as quality is concerned. The report of the Royal Commission on Congestion in Ireland speaks of the "tendency of the farmers to sell all their best young stock and to keep the inferior ones for breeding purposes."² An expert examined by that Commission says: "Many of the small holders do produce cattle that they practically cannot sell for fattening purposes";³ the period required for growing and fattening is far too long, according to other experts.

We may, however, presume that a certain improvement has taken place. As young cattle have risen 20s. in price since 1875-7, and are 15s. above the price for 1881-5, there ought to have been ample incitement for unheard-of efforts. Such efforts, however, do not seem to have taken place in any great degree. The Irish cattle industry is still carried on, on the ranching system. In most parts of the country cattle are still kept out during the winter, though the grazing may be supplemented by hay and feeding stuffs. Very often cows only are sheltered, whilst the other animals are unprotected, and thus lose a portion of their value through cold. Stall feeding is done to a very small degree only, and that mostly in places which have always been known for progressive agriculture. Dairying remains thus a kind of summer industry; very little butter is produced, just when prices are most remunerative.⁴ This is done, though all experts consider mixed farming more profitable for small holders

¹ The general changes in the condition of the English market are, no doubt, reflected in these figures; it is important, however, to state facts plainly before looking round for explanations.

² § 59.

³ Vol. III., 614, 694.

⁴ *Report of the Irish Agricultural Organisation Society*, 1907, p. 5. "The conditions," continues the *Report*, "under which milk is supplied to the creameries still leave much to be desired."

than extensive grazing. Where grazing is supplemented by fodder, &c., imported grains and cakes are mostly used, instead of crops grown on the farms.¹

The statistics of Irish agriculture carry out these observations to a very marked degree. The area covered by all sorts of agricultural crops has continually decreased. From over 5 million acres in 1880-2 it fell to 4·8 million acres in 1896-7, and to 4·6 million acres since. With the exception of meadow, there is a decrease in all sorts of crops. For part of that shrinkage, the fall of prices or an increase in the cost of production may be accountable, though flax has actually risen in price since 1881-5, whilst the area devoted to it has shrunk by two-thirds; and oats and barley have not fallen considerably.

TABLE VI.—*Area under Crops (Meadow Included).*

1880-1882	...	...	...	5·1 million acres.
1897-1903	...	...	...	4·6 " "
1905-1907	...	...	...	4·7 " "
1908	...	...	...	4·6 " "

TABLE VII.—*Area under Different Sorts of Crops.*

				Corn crops.	Green crops.	Meadow.	Flax.
				Million acres.	Million acres.	Million acres.	Acres.
1880-1882	...	...	...	1·76	1·25	1·11	35,000
1895-1897	...	...	...	1·42	1·12	2·2	71,000
1897-1903	...	...	...	1·35	1·08	2·17	44,000
1904-1907	...	...	...	1·29	1·08	2·3	51,000
1908	...	...	...	1·26½	1·00	2·3	47,000

But prices of agricultural produce are of no importance on a holding that is not worked by paid labour; whose agricultural produce is not meant for the market and ought to be used as fodder for cattle. There is, however, no increase visible in the area devoted to tillage for such a purpose. There is a reduction in the area planted with potatoes, and a decrease in the area under turnips. The shrinkage of the potato crop may be looked upon as a change for the better, inasmuch as the potato does not any longer form the staple diet of the people. There is, however, no corresponding increase in the acreage under oats—1·39 million acres have shrunk to 1·06 million acres. And it seems quite probable that Indian corn and other food is bought where grain might be raised on the farms.

¹ In 1906 the total value of imported cattle-feeding stuffs came to more than £4,000,000.

TABLE VIII.—*Area under Potatoes, Oats and Turnips.*

	Potatoes.	Oats.	Turnips and Mangels.
	Acres.	Acres.	Acres.
1875-1877	885,000	1,490,000	384,000
1880-1882	840,000	1,390,000	339,000
1889-1891	774,000	1,225,000	345,000
1896-1897	690,000	1,184,000	364,000
1904-1906	617,000	1,071,000	354,000
1908	587,000	1,060,000	361,000

TABLE IX.—*Yield of Different Crops per Acre.*

	Wheat.	Oats.	Potatoes.	Turnips.	Flax.	Hay.
	Cwt.	Cwt.	Tons.	Tons.	Stone.	Tons.
1877-1881 ...	14.0	13.1	2.8	11.7	28.2	2.1
1881-1890 ...	14.7	13.6	3.5	12.3	29.6	2.0
1895-1897 ...	16.2	14.3	3.6	14.4	23.0	2.2
1899-1901 ...	17.6	15.9	4.1	15.4	35.1	2.1
1907... ..	18.6	16.0	3.8	14.9	31.2	2.3

There is, however, one improvement visible. There is undoubtedly an improvement in the yield of the different crops. It is not safe to press that point too much, inasmuch as statistics of yields are not very reliable. The improvement is, however, so marked that there seems to be some real ground for it. It may be partly due to good seasons, or it may be owing to the well-known fact, that shrinkage of area means concentration on the best soil and concentration of capital, and consequently increased yields; anyhow, there is some reason for the belief that there has been a real improvement.

IV.

Nowhere, however, do we see changes on such a scale as to show the working of wonderful strong forces which at last have had a chance to expand. A more detailed inquiry in some other direction will enforce this point.

There are about 599,872 holdings of all sorts in the hands of about 552,997 occupiers; 83,574 holdings are under one acre, and are of little agricultural importance. The newest agricultural statistics divide the holdings into those occupied by tenants and those occupied by owners; 369,451 holdings are, according to

them, occupied by tenants, 230,421 by owners.¹ If we look at the different Poor Law Unions into which Ireland is divided, we find about twelve where, according to those somewhat imperfect statistics, the number of owners equalled or surpassed the number of occupiers in 1906. In nine Unions, on the other hand, some very rich tillage or grazing districts, some very poor congested districts, there are very few purchasers at all.² If we look for those different Unions (*a*) at the number of horses used for agriculture, (*b*) at the number of milk cows, (*c*) at the total number of cattle, (*d*) at the percentage of their area under crops, we find in nearly all of them a considerable decrease in the area under crops; in some we find an increase, in others a decrease in the number of horses used for agriculture; in some of them the cows have increased, in most of them cattle have increased, but I cannot see that the Unions where purchasers preponderate have shown a development very markedly different from that of the other Unions.

The general development of the country is reflected in most of those units, but nothing is visible that would give any clue to the working of different forces in the different districts.

In fact, Irish agriculture has nowhere changed its character. Extensive grazing is still going on where it is possible, *i.e.*, where the land permits it, and neither rent reductions nor purchase have changed the character of Irish farming essentially. It is still backward.

"This backwardness," says an expert, "is shown by the preponderance of uneconomic holdings, by the want of working capital, or of an inducement to invest in the improvement of land, and by the want of proper housing for the farmer and his family or for his stock."

The large and steady increase in the area of second class pasture, which might yield three or four times more wealth if well tilled—a too prevalent practice of selling the best and breeding from inferior stock—the almost complete loss in certain districts of the art of tillage; the want of a regular system of rotation; the aversion to doing more than the minimum towards cleaning

¹ Up to October 31, 1908, the number of holdings sold and agreed to be sold came to 316,984. The number of holdings remaining unsold was 282,888. (Cd. 4412, pp. 2 and 3.)

² The division in Unions with many, and in Unions with few purchasers is made on the basis of the statistics for 1906. The numbers of owners and tenants given are those for 1907, which showed an all-round increase of owners. The statistics for live stock, crops, &c., are those of 1907. They could thus reflect changes in ownership carried out in 1906; but it would be too early to see the effect of changes just beginning.

TABLE X.—*Number of Horses Used for Agriculture, of Milch Cows, of Cattle, and of Acreage under Crops in Different Poor Law Unions for the Years 1881, 1891, 1906, and 1907.*

A.—UNIONS WITH A STRONG PERCENTAGE OF PURCHASERS.

			Horses.	Cows.	Cattle.	Area under Crops.
						Percentage.
Armagh—	Owners ... 4,426	1881	5,404	14,934	38,987	54·9
		1891	5,538	14,914	43,755	48·7
		1906	4,866	14,238	43,430	44·3
		1907	4,829	14,151	42,658	43·5
	Tenants ... 3,984					
Ballymahon—	Owners ... 1,775	1881	1,744	4,086	20,748	26·9
		1891	1,799	4,103	23,709	24·1
		1906	1,728	3,824	23,448	22·0
		1907	1,800	4,311	26,747	20·7
	Tenants ... 1,322					
Ballyvaghan—	Owners ... 346	1881	447	1,240	7,103	6·0
		1891	419	1,322	6,646	4·9
		1906	475	1,444	6,535	5·9
		1907	434	1,390	6,919	6·4
	Tenants ... 407					
Callan—	Owners ... 1,766	1881	2,030	8,584	29,262	30·7
		1891	1,963	9,019	30,902	26·3
		1906	1,912	10,014	34,606	26·3
		1907	1,794	10,181	34,412	24·9
	Tenants ... 1,201					
Castlecomer—	Owners ... 1,412	1881	1,238	5,538	15,329	35·0
		1891	1,226	5,165	15,046	33·7
		1906	1,295	4,973	15,700	34·4
		1907	1,347	5,522	16,428	34·7
	Tenants ... 540					
Coleraine—	Owners ... 2,447	1881	4,095	9,156	23,499	39·1
		1891	4,059	9,422	24,850	38·5
		1906	4,311	10,861	28,391	36·0
		1907	4,056	10,270	26,578	36·8
	Tenants ... 1,568					
Cootehill—	Owners ... 3,428	1881	2,289	9,670	22,670	41·3
		1891	2,543	10,983	26,983	39·3
		1906	2,668	10,689	25,753	36·0
		1907	2,691	11,637	26,851	35·7
	Tenants ... 1,737					
Irvineestown—	Owners ... 1,763	1881	1,537	7,647	16,087	31·5
		1891	1,626	8,248	19,128	29·5
		1906	1,687	8,845	20,216	27·6
		1907	1,681	9,433	20,467	27·3
	Tenants ... 1,309					
Lisburn—	Owners ... 4,102	1881	5,065	11,370	27,856	50·9
		1891	4,794	13,055	34,536	46·3
		1906	4,532	13,396	36,086	44·1
		1907	4,401	13,617	36,185	42·9
	Tenants ... 1,748					
Lurgan—	Owners ... 3,538	1881	2,832	6,817	16,989	59·7
		1891	2,690	7,437	20,576	51·8
		1906	2,924	8,317	23,653	48·5
		1907	2,733	8,581	23,443	49·5
	Tenants ... 2,096					
Shillelagh—	Owners ... 1,303	1881	2,274	5,608	17,453	30·2
		1891	2,220	5,870	19,041	29·0
		1906	1,709	3,910	14,064	26·3
		1907	1,626	4,135	13,884	24·6
	Tenants ... 494					
Tralee—	Owners ... 3,128	1881	3,026	24,912	47,473	20·2
		1891	2,720	24,972	53,528	19·2
		1906	3,159	28,075	59,945	19·6
		1907	3,201	28,889	60,704	20·5
	Tenants ... 1,968					

B.—UNIONS WITH FEW PURCHASERS.

V.

The great agrarian reforms thus far have not succeeded in giving increased chances of employment to the people. Though the number of occupiers of holdings above one acre has fallen only from 479,729 in 1881 to 470,399 in 1907, emigration has continued.¹ From 1891–1900 about 430,000 people emigrated; since 1901 more than 200,000 followed; from 5·2 millions in 1881, the population has dwindled down to not quite 4·4 millions in 1906; the number of agricultural labourers (outdoor) has fallen from 163,000 in 1891 to 146,000; the number of servants (indoor) from 104,000 to 77,000. Whilst since 1891 the change in the numbers and types of the units of production, the agricultural holdings, has not been very great, the number of people who live by them has certainly decreased.²

These facts are so well known that far-reaching demands for further reform are being based on them. Ireland, it is said, being an agricultural country, could only maintain a bigger population if her agriculture was more intensive. Intensive agriculture is, however, impossible at present. A large area is in the hands of big occupiers, whom it pays to go in for extensive cattle grazing; a large part of the small holdings are either too small or too bad to afford people a decent living or a chance for more intensive cultivation.

There are 91,000 holdings in Ireland above 50 acres, which cover an area of 9·5 million acres; whilst the 363,287 holdings below 50 acres cover only 6·8 million acres. The average holding of 19 acres contrasts thus with one of an average of 104. On the big holdings 80·8 per cent. of the area are under permanent grass, and 19·2 per cent. under crops of all sorts; on the small holdings 62·4 per cent. are under grass, and 37·6 per cent. under crops. If the number of those small holdings were increased in the country, runs the argument, and if a certain amount of social redistribution were carried out, Irish agriculture would be greatly intensified.³

As far as I am aware of, there are no statistics of the size of the different holdings purchased. Land purchase seems to have started on the assumption that the size of the holdings did not matter; holdings which could certainly not maintain their

¹ The total number of occupiers increased from 529,684 to 552,997.

² Holdings between 1–15 acres fell from 231,116 to 215,796 (1907). Holdings above 15 acres increased from 295,627 to 300,502.

³ *Appendix to Eleventh Report of Royal Commission on Congestion*, pp. 56 and 57.

occupiers were purchased as well as big farms. But there must be many holdings in the hands of purchasers, big enough for more intensified agriculture, and capable of being worked without outside help. The purchase of these holdings, which must be quite considerable in number, has had no appreciable effect on Irish production. The average rent of the purchased holdings was :—

	Holdings bought under	
	Acts of 1885 and 1888.	Acts of 1891 and 1896.
In Ulster	£16 0 0	£12 0 0
„ Leinster	34 0 0	24 0 0
„ Connaught	13 13 0	9 8 0
„ Munster	40 0 0	26 10 0

The average price of holdings sold under the Act of 1903 is :—

For Ulster	£242 2 0
„ Leinster	528 8 0
„ Connaught	211 8 0
„ Munster	452 13 0
„ Ireland	£360 19 0

On such a holding, according to most experts' opinion, tillage with a view to stall-feeding would pay. More than twenty-five years of agrarian reform, however, have not been sufficient to make a people of born agriculturists avail themselves of their opportunities. Neither security of tenure nor purchase has succeeded so far. Quite the contrary, a witness before the Royal Commission on Congestion speaks of tillage, of ploughing with a horse, as "a lost art"¹; and an employer of labour says he would not trust Irish labourers "with his horses and carts."² "On many an estate in Ulster," Mr. Bailey reports, "as well as in the centre and south of Ireland, we find that there is a prevailing tendency to give up tillage as much as possible, and keep the land in grass."³

The result would be a considerable increase in the gross value the same seems to be the case in the congested districts where the people were accustomed to very small holdings, which they had to crop continually. "They seem to prefer to struggle along, instead of taking loans from the Congested Districts Board, letting portions of the new holdings at as high a rent as they can get."⁴

Where grazing ranches have been cut up the purchasers have often merely cut the hay, without adding manure, but they have

¹ *Royal Commission on Congestion*, 58,821.

² *Ibid.*, 20,478.

³ *Report of an Inquiry into the Present Condition of Tenant Purchasers under the Land Purchase Acts*, p. 18 (1903).

⁴ *Ibid.*, Q 3026, 3031-2.

not tilled the land. They have occasionally even refused an offer of £30 from the Estate Commissioners, being satisfied to struggle on.¹

The Royal Commission on Congestion in Ireland were of opinion that a more intense system of agriculture was profitable in Ireland, and almost a necessity if the number of small but economic holdings was to be increased. "We did not, however," they have to acknowledge, "see any small holdings where this system was actually in practice."²

The agitation which has sprung up in Ireland during the last years, and which has succeeded in inducing the Government to bring in a new Irish Land Bill, is an open acknowledgment of such a state of affairs. It is aimed, of course, at expediting the sales of estates, whose owners have not yet been willing to part with them. Whilst—on the basis of the Poor Law Valuation—lands for about £100,000,000 have changed hands, or are in the process of doing it, another £90–100,000,000 still stand over.³ To hand them over to the tenants—if needs be by compulsory purchase, and if possible at cheap rates—is one of the objects of the Bill. The other object, which was only half-heartedly aimed at by former Acts, is a redistribution of lands. Not only are the uneconomic holdings of the congested districts to be levelled up to the size of workable farms; the large areas of untenanted land all over the country may be given to the following persons:—(a) A person being the tenant or proprietor of a holding not exceeding £10 in rateable value; (b) A person being the son of a tenant or proprietor of a holding on or in the neighbourhood of the estate not exceeding £30 in rateable value;⁴ and the same holds good for the nine counties which are to be handed over to the Congested Districts Board, where the erection of new holdings, not only the enlargement of old ones, is contemplated.⁵

A policy of redistribution of lands is thus to accompany the transformation of tenants into owners. It may be an extremely wise policy, but it is an open acknowledgment, that neither the transformation of tenants at will into statutory tenants, nor the transformation of the latter into peasant-proprietors, has brought the millennium.

Some of the most eager advocates of such a policy of redistribution doubt even its success if it is not accompanied by compulsion. They advocate compulsory tillage, as the grant of a workable

¹ *Commission on Congestion*, Q 41,543, 41,562, 19,743.

² Q 141.

³ Cd. 4,412, pp. 2 and 3.

⁴ Clause 14 (1).

⁵ Clause 39.

tillage farm would not induce a people to increase their production, whom security and the magic of ownership have not transformed from herds into earth-tillers.

VI.

The results achieved have thus far fallen short of the predictions liberally indulged in for the last thirty years. There has been a considerable improvement; but, if we take into account the great impetus which the Co-operative Movement has given to self-help in Ireland, the share directly attributable to land reform is much smaller than the ardent reformer might wish for. What is the explanation of that phenomenon?

(1) Any puzzle in Irish life may be ascribed to the peculiar character of the Irish. Friends and foes have often indulged in the sport of demonstrating that the Irish are a species of *homo sapiens* absolutely unexplainable by the ordinary laws of mankind. I am quite willing to accept this explanation provided nothing else is forthcoming; but it is certainly not a good one to start an inquiry with.

(2) A second argument might run thus:—The Irish peasant has a very low standard of comfort; when his few wants are satisfied he will not work except under compulsion. Rack-renting provided the pressure needed. When it was abolished the peasant's activities diminished *pro tanto*. As the share levied from him decreased, his wants did not increase, and his total output naturally dwindled. There is much in Irish history to maintain such an argument.

"For what need they to Work," Sir William Petty wrote more than two hundred years ago, "who can content themselves with Potatos, whereof the Labour of one Man can feed forty? . . . And why should they desire to fare better, tho with more Labour, when they are taught that this way of living is more like the Patriarchs of old, and the Saints of later times, by whose Prayers and Merits they are to be reliev'd and whose Examples they are therefore to follow?"¹

Many an Irish landlord up to latter days has acted on a similar principle, and has hoped to stimulate the tenants' slumbering energy by "salting their lauds," as the process of rack-renting was called.²

This argument fails however to explain the modest effect

¹ *The Political Anatomy of Ireland*, pp. 201, 202.

² *Congested Districts Commission*, V., Q 23, 359.

agrarian reform has had on Irish production. Firstly, notwithstanding heavy reductions of their burdens, the total produce of the Irish agriculturist has not shrunk; it has even increased a little. Secondly, there is one element of unanimity amongst all discordance: the standard of living has increased all over the country. Some statistics about housing might prove that; the same might be done by inquiry into the consumption of articles liable to indirect taxation. The enormous increase in bank deposits may not be a reliable index to the growth of wealth of the agricultural classes. It shows, however, an increased desire for banking facilities which in itself is a sign of an improved standard. Though many minor circumstances may have been contributory causes in that process, it would have been impossible without land reform.

(3) It may be argued that the time elapsed since reform began is not sufficiently long to admit of great changes. Now, if all the purchasers of land in Ireland had purchased their holdings in 1907, it would be unjust to look forward to improvements in 1907. But, not only has there been a good deal of purchase twenty years back, the fixing of fair rents on such an enormous scale ought certainly to have had an influence on production. If the Ulster 'Tenant Right' succeeded in making Ulster a flourishing country, a similar system ought to have produced similar effects in other parts of Ireland; and if the hope of further reductions paralysed the tenants' efforts, and in some cases even led to a deterioration of the farm, this has nothing to do with the shortness of the time elapsed since the day it was possible to follow such a course. Results which are not visible after twenty years ought not to be called magical.

(4) Land reform in other countries has passed through critical stages. The same, it might be said, ought to be expected in Ireland. In most other countries, however, the tenant was made the owner under onerous conditions. He had worked his lord's demesne by servile labour. He had to compound for that labour either in money or by ceding parts of his lands.¹ He had to sell his produce to make the money, whilst he had formerly subsisted on it. The entire organisation of agricultural industry was dislocated. No such change took place in Ireland. The tenant had always been obliged to pay his rent in cash. What happened now was merely a reduction of his burdens.

¹ In Prussia, for example, which is always noted as the prototype of Irish reform, the bigger tenants only were made owners. Some of them had to cede as compensation one-third to one-half of their farms, others had to pay 25 years' purchase on an unreduced rental.

VII.

The methods through which his burdens were reduced explain easily the somewhat meagre results land reform has had on the agricultural output of Ireland.

An Irish tenant paying a rent of £100 in 1880 would have it cut down to £80 if he applied to a rent court in 1882. He might re-enter the court for a second fixing in 1897; his rent would then be cut down to £62. Since 1882 his burden would have been eased by 38 per cent. Part of that reduction was undoubtedly due to a severe fall in prices. But on many a holding the price of the articles actually sold has fallen very little indeed; during the last decade it has even risen. And in many cases the increased price of tenant-rights shows clearly that a part of the reduction has been capitalised for the tenants' benefit.

There has thus been an enormous reduction of burdens; there has even been in some cases an actual free gift to the statutory tenant. The chances of getting such a gift have sometimes out-balanced the benefits which fixity of rent meant to secure him. Increased effort might produce increased wealth, and might, after fifteen years, lead to a rent raising. The fear of an increased rental at a future fixing kept many a tenant religiously from too far-reaching improvements; they even tempted him, not infrequently, to positive deteriorations.

Still greater were the benefits emanating from the purchase Acts. If a holding whose rent was fixed in 1887 at £75 were sold under the Ashbourne Act, the purchase price would come to £1,275; the purchaser's annuity would be £51, a fourth of which was sinking fund. If a tenant bought on the basis of a (second) rental of £62, his annuity under the Wyndham Act fell to £49; under the Act of 1891 it might even fall as low as £41. Agrarian reform in Ireland converts tenants into owners by striking off from their obligations up to 33 per cent. The credit of the British Government gives the Irish tenant absolute security, by reducing his burden without any effort whatsoever on his part. In fact, provided his landlord is willing to sell, he must make a great effort not to become an owner. The magic of property permits him to take off a third of his working day were he so inclined. But if he did resist that magic, he would then have to work as strenuously as before.

A great deal of money which formerly had to be paid somehow, remained in the pockets of the people. The Ashbourne

Act meant a yearly remission of about £200,000 to 25,000 tenants. The Acts of 1891-1896 gave a remission of £220,000 a year to 47,000 tenants, and the estates commission have, by direct sales, taken off from about £280,000 a year from 61,381 individuals (up to March 31st, 1908). These reductions are mainly due to the credit of the British Treasury, and are not counterbalanced by any fall in prices; they were struck off rentals which the fair rent courts had already dealt with (taking off 1·5 million a year by first term reductions, and £500,000 by second term reductions). Though a part of that sum has been swallowed up by the fall in prices, another part has certainly remained. The reductions described above thus constitute what one might call an "unearned increment."

Agrarian reform, in fact, was carried not only without putting any extra strain on the Irish tenant, but by giving him a chance of dispensing with his customary efforts. Purchase means practically immediate rent reduction, and the prospect of paying no rent whatsoever in years to come. And the margin this remission creates between landlords' rents and State annuities largely accounts for the very limited number of cases in which tenants have fallen in arrears with their yearly instalments.

Land purchase has been attractive to the Irish tenant not merely because it makes him the owner of his holding, but because he realises an immediate reduction of his burdens. The controversy connected with land purchase centres always about the one point: Is the land bought at such a price as to make sufficient reductions possible, or not? The psychological aspect of land purchase does not reveal a people craving for ownership under whatever conditions they can get it; they merely crave for a decrease of their burdens—a very natural, but in no way mystical, desire. Whilst in other countries, land reforms meant merely the chance of an increased income by offering opportunities for special efforts, in Ireland it produces an increased income almost automatically. The income thus gained has enabled the people to raise their standard of comfort; it has probably, too, been one of the causes contributory to an increase in their savings. It has not been used in a marked degree for an extension of production. Though the standard of comfort has been rising, the Irish are not filled with a mad desire for gain. They have no objection against accepting a share of this world's goods, but they are not so greedy as to try to increase them by never-ceasing, systematic toil. They enjoy a greatly enlarged competence. To try for more would not only be burdensome, it might be risky. You never

know whether the soil will respond and return the capital you trust it with. The man whose lot has been so wonderfully improved by distributive agencies ought not to tempt the gods. There are, however, still many individuals who have not enjoyed all those distributive advantages which the very liberal finance of the Purchase Acts extends to them. They, of course, wait for their share before they exert themselves vehemently, and if all the tenants of Ireland have bought under favourable circumstances, that is not yet the end of possible changes in distribution. Most Irish Land Acts were considered as final measures, but I venture to think that nobody any longer expects an Irish Land Act that is really the last. With such experience before him, the faith of the Irish farmer in the distributive agencies must needs be great. They have given him safety to enjoy the fruits of his industry, and they have given him an increased income without extra efforts on his part. Moreover, he has ample expectations that a future increase of his income may be brought about by similar methods. It is hardly marvellous that under such conditions his productive activities should not respond as quickly as was expected. It is human nature—not merely Irish peculiarity—to prefer an increased income from distribution rather than from production; especially when an experience of more than twenty-five years has shown that a unit of energy applied to legislative activities secures a bigger and safer return than a unit of energy spent on raising crops.

M. J. BONN

Munich, May, 1909.

THE ASSESSMENT OF FLATS, CHAMBERS, AND OFFICES FOR LOCAL TAXATION.

THE proper method of assessment to be employed in the case of flats is one of daily-growing importance, owing to the rapid increase of this kind of property. Those let at weekly or monthly rents can be properly dealt with by the same scale as that used for small self-contained houses let on such tenancies, provided that the payment made by the tenant does not include what is sometimes called "service" of any kind, in addition to rent. Here, therefore, it is proposed to deal with flats let on longer tenancies, where, as is usually the case, the tenant's payment includes some form of "service." Hitherto, in some of the London boroughs, flats have been assessed by deducting a percentage—usually $33\frac{1}{3}$ per cent.—from the sum paid by the tenant to arrive at the gross value. Such a method pays no heed either to the poundage of the rates or to the amount of service included, and is, in consequence, utterly inequitable as between one property and another. In other boroughs the percentage has been varied according to the class of flat; but this only partially disposes of the injustice, because no allowance is made for variation in poundage. It was held in the case of *Attorney-General v. Mutual Tontine Westminster Chambers Association*, which is the leading case on the subject, that "each set of rooms ought to be placed upon the valuation list of the parish, and each occupier separately rated to the relief of the poor." In one London borough, however, each block of flats has been in recent years assessed in one sum when the landlord was willing to pay rates whether all the flats in a block were occupied or not. In these cases, the statutory deduction from gross to rateable value was made 25 per cent., whereas, when owners were not agreeable to pay for empty flats, the latter were separately assessed, and the statutory deduction was only $16\frac{2}{3}$ per cent. Flats have hitherto generally been treated similarly to other residential property as regards the statutory deduction from gross to rateable value, but in the recent case of *Western v. Kensington Assessment Committee*, L.R. [1907]

K.B.D. 323, it was held that the premises were "a house or building let out in separate tenements" within the meaning of the footnote to the third schedule to the Act of 1869, notwithstanding that the shops and flats were separate rateable hereditaments; and that, therefore, in arriving at the rateable values of the shops and flats, the Assessment Committee might allow deductions from the gross values at a rate greater than the maximum rate of deductions set out in the third schedule. The premises in this case consisted of a building containing two shops on the ground floor and flats on the first, second, and third floors, respectively, extending over both the shops. Each shop consisted of one room, with a yard and small offices at the rear, as well as a basement. Each flat consisted of a suite of rooms, reached by a common staircase, and approached from the street by a passage at the side of one of the shops. Each flat had its own outer door opening on to the staircase. The two shops and the three flats were five separate rateable hereditaments.

The above decision did not solve the question as to whether the owner, he not being the rated occupier, was entitled to claim the benefit of the footnote, and so obtain the larger deduction. On the statement of the case, this point did not come before the Court of Appeal, who declined to go into the question of who were the proper persons to be rated, but it will probably be heard of again.

The rent of a flat comprises three classes of payments over and above the commonly accepted meaning of the word "rent." These three classes of payments are : (1) Rates, taxes, and water rate, but not property tax, as this is a personal tax on the landlord ; (2) payments for the use of chattels and for domestic service ; (3) payments for what is obligatory expenditure on the part of the landlord in order that the premises may be maintained in a state to command the rent. The name "service" already mentioned is often applied to the second and third classes of payments taken together, but, as Mr. Edgar Harper, the statistical officer to the London County Council, has pointed out in his able report concerning the Assessment Conference of 1904, it ought only to be used to describe the second class of payment, the third class being of the nature of what we shall call "extra upkeep." We shall follow Mr. Harper's nomenclature, and call the annual payment made by the tenant "nominal rent." Then gross rent will be the nominal rent, less cost of service ; gross value, gross rent, less rates and taxes ; and rateable value, gross value, less deduction for repairs, renewals, and insurance, together with a deduction for the "extra upkeep" required.

We shall designate as "extra upkeep" the expenses referred to in the decision in *Pullen v. St. Saviour's Union* as coming under those "necessary to maintain the hereditament in a state to command the rent."

Let R = nominal rent.

„ G = gross value, or gross estimated rental.

„ V = rateable value.

„ c = service, expressed as a percentage of the nominal rent.

„ m = deduction for maintenance, expressed as a percentage of the gross value, or gross estimated rental.

„ t = total percentage of the rates on the rateable value in shillings and fractions of a shilling (including both water rate and inhabited house duty, expressed as poundage rates on the rateable value).

„ e = extra upkeep, expressed as a percentage of the nominal rent.

Then

$$G = nR \frac{\{100 - c + et\}}{5(20n + t)}, \text{ and } V = R \frac{\{100 - c - ne\}}{5(20n + t)}, \text{ where } n = \frac{100}{100 - m}.$$

These formulæ give the respective gross and rateable values accurately for any assumed values of R , c , m , t , and e .

The principal obstacle which has to be surmounted in assessing flats is perhaps the difficulty of deciding how the second and third classes of payments (already mentioned as being outside the ordinary definition of rent) should be divided between what we have called "service" and "extra upkeep" respectively. *Pullen v. St. Saviour's Union* may be followed as regards the maintenance and lighting of the staircase, which are thereby brought under the heading, "extra upkeep"; but it is extremely doubtful whether that decision could properly be held to include such items as cost of telephone, porter's uniform, cost of fuel in entrance hall, &c., all of which might, according to that decision, possibly be argued to be expenses necessary for the maintenance of the rent instead of "service," and, if so, deductible as between gross and rateable values. Now, anything in the nature of domestic service cannot, properly speaking, be considered as "rent," and the above decision could easily be stretched to the point of absurdity. Hence an authoritative definition of what may, and of what may not, be correctly held to be of the nature of "rent" seems to be urgently wanted.

Assessment committees have power, under section 57 of the

Valuation (Metropolis) Act, 1869, to require from the owner or occupier a return in writing of "any other particulars . . ." as are required for the due execution of this Act, and landlords of flats would probably be willing to supply the necessary details in order that the cost of those items which should be treated as "service," and of those which should come under the description, "extra upkeep," might be available—assuming, of course, that it was once definitely known under which heading each item should properly be classified. We have taken the expenses of "service" and of "extra upkeep," respectively, at figures which, we consider, will cover all cases.

As our Table and formulæ are equally applicable under any definition of "service" and "extra upkeep," respectively, we do not propose to formulate any rule as to the items, or as to the proportions of such items, which should be classified under "service" and "extra upkeep," respectively. This, in the present state of the law, is perhaps best left with the surveyor or the rating authority. At the same time, we do not think that, as matters stand, Mr. Harper's definition (*vide* page 51 of Report) of what should be considered as "extra upkeep" could easily be improved upon, pending a decision of the Court of Appeal or the House of Lords.

It will be readily seen that the Table hereafter given, and the formulæ, obviate what has hitherto proved an awkward difficulty in calculating the gross and rateable values. Hitherto the deduction for rates and taxes has been necessarily only arrived at by calculating, for various rates in the £, the percentage which the deduction for rates, taxes, and water rate formed of the gross rent—a very cumbrous and tedious method of procedure. Again, it is important to note that, even if the owners of flats ever render returns giving the actual costs of "service" and "extra upkeep," respectively, the Table is not thereby invalidated, and the use of the formulæ rendered necessary. On the contrary, the Table remains equally useful; because the amounts which we therein assume as representing "service" and "extra upkeep" can be seen by inspection for, say, every one-quarter per cent.—or even for every one-tenth per cent., if a small calculation is made—and it will generally be sufficient to take the actual cost of "service" and "extra upkeep" to the nearest one-quarter per cent. of the nominal rent. If extreme accuracy is desired, the actual costs of "service" and "extra upkeep," respectively, could, of course, be turned into exact percentages of the nominal rent,

and the gross and rateable values calculated accurately by the formulæ.

In the Table the cost of "service" has been assumed to vary from 2 per cent. to 7 per cent. of the nominal rent, and that of "extra upkeep" from 1 per cent. to 5 per cent. of the same; and the Table gives the gross and rateable values, respectively, expressed as percentages of the nominal rent, for the several values of "service" and "extra upkeep" within the above limits; the total poundage of rates, taxes, and water varying, at the same time, from 6s. to 11s. 6d. in the £.

Example:

Let nominal rent = $R = £2,760$.

„ actual cost of "service" = $c = £105 = 3.80\%$ (by calculation).

„ „ „ "extra upkeep" = $e = £95 = 3.44\%$ (by calculation).

„ deduction for maintenance = $m = 16\frac{2}{3}\%$.

Then

$$n = \frac{100}{100 - m} = \frac{6}{5}$$

Let total poundage of rates, taxes, and water (all calculated in shillings on the rateable value) = $t = 6s.$ in £.

„ gross value = G , and rateable value = V .

Then, using the formulæ

$$G = nR \left(\frac{100 - c + et}{20} \right) \text{ and } V = R \frac{(100 - c - ne)}{5(20n + t)}$$

we have:

$$G = \frac{6}{5} \times \frac{2760}{1} \times \frac{(100 - 3.80 + 3.44 \times \frac{6}{20})}{150} = £2146.88,$$

and

$$V = \frac{2760(100 - 3.80 - \frac{6}{5} \times 3.44)}{150} = £1694.12$$

as the correct gross and rateable values.

The surveyor, however, will scarcely ever be called upon to make such a calculation, for it will be obvious that the above results may be approximately arrived at by a rapid inspection of the table which follows. The tabular gross value, corresponding to $c = 3.75$ per cent. and $e = 3.50$ per cent., is evidently 77.8 per cent. of R , or £2,147.28. Similarly the tabular rateable value is = 61.35 per cent. of $R = £1,693.26$.

Checking the above results we have :

	R	=	£2,760	0	0
	Less " c "	=	105	0	0
			<hr/>		
			£2,655	0	0
	Less 6s. in £ on £1,694	=	508	4	0
			<hr/>		
	Gross Value	=	£2,146	16	0
	Less $\frac{1}{6}$	=	357	16	0
			<hr/>		
			£1,789	0	0
	Less " e "	=	95	0	0
			<hr/>		
	Rateable Value	=	£1,694	0	0

It is, of course, apparent that these formulæ are equally applicable whether flats are assessed singly or whether each block is assessed as one item, as has been supposed to be the case in the above example.

If, of course, the decision in *Pullen v. St. Saviour's Union* should ever be affirmed and extended by the House of Lords so that the cost of porter's uniform, fuel in entrance hall, telephone, &c. (all of which are now usually considered as "service") would necessarily fall under the heading "extra upkeep," then our formulæ become, by putting $c = 0$:

$$G = nR \left(\frac{100 + et}{20} \right), \text{ and } V = R \frac{(100 - ne)}{5(20n + t)}, \text{ where } n = \frac{100}{100 - m}.$$

The result would be a considerable increase in the gross value of such flats. This would be a serious matter, so far as inhabited house duty and income-tax are concerned, because the former is leviable on the gross value of each block of flats, and the only deduction allowed from the gross value for income-tax is a fixed one-sixth. Inhabited house duty will almost invariably be 9d. in the £ on the gross value in the case of flats, since a block of flats has been held to be assessable as one house for that tax.

In addition to "service," the question of tenure seriously affects the ratio between the nominal rent and the gross value. Flats are frequently let on lease, sometimes for as long as 21 years; and in these cases the tenants usually agree to pay a fixed sum at the end of the term in lieu of internal repairs or dilapidations. External repairs are carried out by the landlord in all instances. In the London suburbs, however, flats are usually let on three years' agreements, or from year to year, the landlord undertaking

all repairs, both internal and external, and the table has been constructed to suit this class of tenure. Where flats are let on lease for a longer period than three years,* a percentage addition should be made to the rent reserved in order to obtain the gross value. The Assessment Conference of 1904 recommended an addition of 10 per cent., regardless of the length of the lease, when the landlord executed all the repairs, and one of 5 per cent. when he was only responsible for external repairs. The percentage should, however, vary according to the length of the lease in the manner shown in Table VI. of *Tabular Aids to Valuation*.¹ If the tenant only does internal repairs, then the proper addition to obtain the true gross value ought to be about 7 per cent. for leases up to 14 years; 8 per cent. for leases of from 15 to 49 years; and 10 per cent. for leases of over 49 years, instead of 10 per cent., 12½ per cent., and 15 per cent. respectively given in Table VI., if the deduction for maintenance is one-sixth.

As the addition of a percentage will alter the rateable as well as the gross value, and accordingly the amounts of rates paid, the following formulæ are here given for computing the true gross and rateable values in the case of flats let on lease. It is to be noted that the percentage addition should be made to the gross value only after all the proper deductions from the nominal rent have been made.

$$G = nR \frac{(10,000 - 100c + 100x - cx + 5et + \frac{etx}{20})}{10,000n + 500t + 5tx}$$

$$V = R \frac{(10,000 - 100c + 100x - cx - 100nc)}{10,000n + 500t + 5tx}$$

where x = percentage added to the rent reserved, the other symbols being the same as before.

If, in the example already given, £2,760 is the rack rent on lease for twenty years, then the proper gross and rateable values are found to be as follows, from the formulæ just given :

We have $x = 8$ for lease of 20 years. Then

$$G = \frac{6}{5} \times 2760 \frac{\{10,000 - 380 + 800 - 30 \cdot 4 + 103 \cdot 2 + 8 \cdot 256\}}{12,000 + 3,000 + 240} = £2,282$$

approximately, and

$$V = \frac{2760 \{10,000 - 380 + 800 - 30 \cdot 4 - 412 \cdot 8\}}{12,000 + 3,000 + 240} = £1,807$$

approximately.

¹ *Tabular Aids to Valuation*, by G. T. McCaw, F.S.I., and F. O. Lyons, F.S.I. [Crosby, Lockwood & Son, 1907].

Checking these results, we have :

	<i>R</i>	=	£2,760	0	0
	Less " <i>c</i> "	=	105	0	0
			£2,655	0	0
Less rates at 6s. in £ on £1,807	=		542	2	0
			£2,112	18	0
Add 8% of £2,112 18s. 0d.	=		169	0	8
True Gross Value	=		£2,281	18	8
Less $\frac{1}{6}$	=		380	6	5
			£1,901	12	3
Less " <i>e</i> "	=		95	0	0
True Rateable Value	=		£1,806	12	3

These formulæ are, of course, mathematically correct, no matter what percentage is added to the rent reserved to obtain the true gross value.

The formulæ just given for flats let on lease need not necessarily be used. An alternative method is obtained by finding the resultant value of "*m*," when the desired percentage to obtain the true gross value has been added, and the statutory deduction of one-sixth made from the amount so found. This resultant value of "*m*" is then substituted for the statutory one of one-sixth in the formulæ relating to flats let on yearly tenancies. For instance, an addition of 8 per cent. (in respect of internal repairs), combined with a deduction of one-sixth from the amount so found, is equivalent to making a deduction of one-tenth from the original amount. Hence, in such a case, the gross and rateable values of a flat let on lease would be given by the formulæ applicable to yearly tenancies by merely taking "*m*" as being one-tenth.

Pending a decision of the Court of Appeal, it is difficult, as the law now stands, to separate the items which should be treated as "service" from those which must be regarded as "extra upkeep." The following, however, seems a reasonable interpretation of *Pullen v. St. Saviour's Union*, viz.:—Treat the power for passenger lift, the lighting of hall and staircase, the upkeep of garden (if any), and one-third of the wages of the porter and lift attendant as "extra upkeep," leaving such items as telephone, carpets, cost of fuel and incidentals, two-thirds of the wages, and the whole cost of the uniforms of the porter and lift attendant to be treated as "service."

SPECIMEN OF TABLE

For the Assessment of Flats, Offices, and Chambers, giving (if deduction for maintenance=one-sixth) the Gross and Rateable Values, expressed in percentages of the nominal annual rent, corresponding to certain values of "service" and "extra upkeep" respectively, both expressed in percentages of the nominal annual rent.

Total poundage of rates, taxes, and water (all on rateable value.)	Service expressed as a percentage of nominal annual rent.	* Extra upkeep expressed as a percentage of nominal annual rent.									
		1 per cent.		2 per cent.		3 per cent.		4 per cent.		5 per cent.	
		Gross and Rateable Values expressed in percentages of nominal annual rent.									
		G.V.	R.V.	G.V.	R.V.	G.V.	R.V.	G.V.	R.V.	G.V.	R.V.
8s. 6d.	2 per cent.	72.7	59.6	73.0	58.8	73.3	58.1	73.6	57.4	73.9	56.6
	3 "	71.9	58.9	72.3	58.2	72.6	57.5	72.9	56.7	73.2	56.0
10	1 "	71.2	58.3	71.5	57.6	71.8	56.9	72.1	56.1	72.5	55.4
	5 "	70.5	57.7	70.8	57.0	71.1	56.2	71.4	55.5	71.7	54.8
£	6 "	69.7	57.1	70.0	56.4	70.4	55.6	70.7	54.9	71.0	54.2
	7 "	69.0	56.5	69.3	55.7	69.6	55.0	69.9	54.3	70.2	53.5

F. CLIVER LYONS

THE APPRENTICESHIP QUESTION

OF late years the question of the employment of boys and girls and their training for the various industries and professions has attracted considerable attention. Various events have conspired to rouse and to keep alive the interest of the general public in the problems involved. The Education Acts, 1902 and 1903, by bringing under one authority, in the case of the large towns, the various forms of education, have compelled administrators to study the relations between the elementary, the secondary, and the technical school, and between these schools in turn and the later careers of the pupils. We are slowly coming to realise that a system of education which does not consciously strive to fit each youthful citizen, physically, mentally, and morally, to play a useful part in the work of the community must stand self-condemned. The old superstition, that an education good in the abstract and regarded as an end in itself would prove serviceable in the rough and tumble of life, is passing away; and we are demanding from our Education Committees more clear thought and less amiable sentiment, more definitely conceived plans and a closer adaptation of curricula to the concrete needs of the industrial world than were to be found in the charming, though vague, dreams of the earlier managers of our schools. The sudden irruption of the problem of the unemployed and the flooding of our streets with dreary processions of persons, the majority in the prime of life, for whom society can find no useful work, have come as a gaunt challenge to the optimism of twentieth-century civilisation. The Poor Law Commissioners, Majority and Minority alike, have emphatically expressed their opinion that at least part of the evil might be removed by a wiser training of our youth. Numerous voluntary associations, in particular the Apprenticeship and Skilled Employment Association, have voiced the same view, and have done much to rivet attention on the gap left in our industrial organisation by the decay of the old system of indentured apprenticeship. Many of the more

enlightened employers have realised the inadequate provision made for the future supply of skilled workmen, and have advocated and carried out in their own factories various salutary reforms.

Needless to say, so widespread and general an interest in the question has precipitated itself in a frequent showering of documents, essays, leaflets, and newspaper articles, dealing with the problem and its solution. We have had the huge Reports of the Majority and the Minority of the Poor Law Commission, which devote much of the space to this subject. There is, in addition, the memorandum on boy-labour prepared for that Commission by Mr. Cyril Jackson. The London County Council has published a lengthy report on the apprenticeship question, and recently its Education Committee has adopted a supplement to that report which will probably be placed on sale. The Skilled Employment Association have lately compiled two volumes, which deal respectively with trades for London boys and girls. Finally, there is the report of the Consultative Committee on continuation schools. There is a remarkable unanimity about the recommendations contained in these various documents. All alike are of opinion that to attain any solid measure of success the State must exercise more prolonged control over the education and training of its boys and girls than is now the case.

Before coming to the discussion of definite remedies, it is desirable to take a general survey of the problem, so far, at any rate, as facts and figures at our disposal will allow. To do this for the country as a whole is impossible, as facts and figures are alike wanting. As regards London, our information is less incomplete, though even here, as will be seen, there is much room for detailed inquiry. To keep the matter within reasonable limits of space I will confine myself to the problem of the London boy, though much of what will be said is equally true of girls; and what is true of London children is probably in a more or less degree true of the children in other large towns.

The census returns of 1901 give a general view of the distribution of persons among the trades and professions at different ages. The following table, prepared by the Statistical Officer of the London County Council, and included in the supplementary report on apprenticeship already mentioned, shows the occupations of persons in London between the ages of 14 and 15, 15 and 20, 20 and 45, 45 and 65 :—

OCCUPATIONS OF BOYS AND MEN—PERCENTAGES.

Class of occupation.	14-15	15-20	20-45	45-65
Trades and industries	14.74	31.54	35.76	38.85
Domestic offices or services	1.75	3.29	3.55	3.35
Transport (including messengers, errand boys, van boys, &c.)	27.65	19.49	16.04	14.19
Shopkeepers, shop assistants and dealers	6.03	12.52	14.51	9.23
Commercial occupations	4.61	11.50	9.55	12.40
General labour	1.46	5.53	8.46	7.02
Professional occupations and their subordinate services	0.73	2.00	4.55	5.08
General or local government of the country (including telegraph boys) ...	3.01	2.53	3.70	2.24
Defence of the country	0.15	1.77	1.40	0.62
Without specified occupation or unoccupied (including boys at school) ...	29.87	9.83	2.48	7.02
Total number analysed	41,889	208,921	869,466	313,949

The most striking feature in the table is the marked difference in the distribution of occupations at the age of 14-15 and at other ages. The majority of boys leave the elementary schools at the age of 14; few remain longer, few leave earlier. It is clear that the first year at least, after leaving school, is a year of aimless drifting. The boys have not definitely chosen any particular kind of occupation. They have in general seized on the first job that offered itself, with the hope of finding something better later on. It is unfortunate that the census returns do not give the distribution of trades for each year between the ages of 15 and 20, and we cannot therefore say from the tables where the period of drifting and change comes to an end. Failing such general information, we must fall back on special investigations; and here the facts are drawn from too narrow a circle to be regarded as typical. The most instructive table is to be found in the report of Mr. Cyril Jackson to the Poor Law Commission, p. 47. This is a table founded on biographies of boys obtained from social or boys' clubs, schoolmasters, managers of schools, &c. In general the schools from which the boys are drawn are poor, but the fact that the

PERCENTAGES OF BOYS IN VARIOUS GROUPS OF OCCUPATIONS.

Ages	14	15	16	17	18	19
Skilled Trades.....	11.2	14.0	16.8	17.8	18.0	16.3
Clerks	14.6	15.0	16.4	15.2	15.4	14.3
Low skilled	28.2	32.8	34.1	33.9	32.5	34.1
Carmen.....	0.6	0.2	0.6	2.6	4.5	5.1
Van boys	8.2	6.6	5.2	4.9	2.8	1.2
Post Office	1.4	1.4	0.2	0.2	0.3	1.2
Errand and shop boys	30.5	22.0	18.4	15.0	12.6	10.3
General and casual labour ...	5.3	7.0	6.7	6.9	6.4	8.7
Army.....	—	0.6	0.6	1.1	3.6	4.0
At sea	0.2	0.4	0.8	1.5	2.8	3.5
Emigrants	—	—	0.2	0.4	0.8	1.2
Total analysed.....	485	500	474	356	252	157
Number unemployed	1	2	4	22	22	22

boys came into relation with various organisations, and were no doubt assisted by them, should lead us to believe that the picture presented is rather more favourable than would have been found in the ordinary poor school. The rapid diminution in the number of boys included after the age of 16 greatly impairs the value of the figures. But the steady increase in the trades and the equally steady decrease in the van boys, Post Office boys, errand and shop boys, between the ages of 14 and 16, are instructive. Trades, skilled and low-skilled, have increased from 39·4 to 50·9, while the messenger class has fallen from 49·1 to 23·8. It is probable that the normal distribution of lads among the different occupations does not occur until about the age of 18. In the earlier years there is much aimless drifting, satisfactory neither to employers nor employed. Under such conditions training, and even ordinary discipline, is impossible. The supplementary report on apprenticeship sums up the general conclusions in the following words: "We must remember that it is a common practice, at any rate so far as the poorer section of the community is concerned, for the children, and not their parents, to select for themselves the form of occupation, and find for themselves situations. The children are too young to choose wisely, and as a natural consequence shift from place to place until they discover something that suits their taste or ability. It would be difficult to imagine a more unsatisfactory method of training. Till the age of 14 they are carefully looked after in school; at the age of 14 they are set free from all forms of discipline, and become practically their own masters. We must not, therefore, be surprised that under such conditions the effect of the school training is transient, and the large amount of money spent on their education to a large extent wasted."

The second point to be noted in the table founded on the census returns is the large number of boys of the age of 14, 39·87, returned as without specified occupation or unoccupied (including boys at schools). There are in the elementary schools about 5,000 boys of the age of 14, and probably about the same number in secondary schools. Converted into percentages the 39·87 would then be broken up into 23·73 at school and 16·14 without specified occupation. The latter figure is very high, and justifies the conclusion that not only do the boys of 14 wander from occupation to occupation, but also a large number of these boys are at any one time doing nothing at all. The habit of shifting from occupation to occupation necessarily involves considerable periods of unemployment.

The following table, taken from *London Statistics*, Vol. XVIII., pp. 49-72, and founded on the returns of children, young persons, and adults employed in factories and workshops, completes the information available for the trades and industries of London. It refers to the year 1904.

	Boys and men.	Girls and women.	Total.
Children under 14	175	146	321
Young persons 14 and under 18 . . .	37,374	52,744	90,118
Adults 18 and over ..	288,667	179,535	468,202
	<hr/> 326,216	<hr/> 232,425	<hr/> 558,641

The corresponding number in England and Wales was 3,987,995. Thus of the total industrial population of England and Wales employed in factories and workshops, London contained one-seventh.

The next return which throws light on the occupations of children as they leave school is a return obtained from the elementary schools by the London County Council. Each headmaster is required annually to fill up a form in respect of each boy leaving the school during the preceding school year. The information asked for is occupation of parent, occupation of boy leaving, whether skilled or unskilled, or whether unemployed or attending some kind of higher education. Two returns have been received for the years 1906-7 and 1907-8. The first return was incomplete, but the second included the vast majority of the boys leaving school. Below is the summary for the year 1907-8, with the percentage for the preceding year below :—

	Skilled.	Unskilled.	Higher Education.
Number	8,662	15,910	1,524
Percentage	33·2	61·0	5·8
Percentage 1906-7	28·5	67·9	3·6

It will be seen that, including those who went to some higher form of education, little more than a third of the boys left school to enter a skilled trade.

It is unfortunate that no full analysis has been made of these returns. The value of the information which would have thus been obtained was not supposed to justify the labour and expenditure involved in such an analysis. I have, however, myself analysed nearly 4,000 cases, and endeavoured to classify the occupations in accordance with the table founded on the census return given above. I selected for this purpose typical districts in London. Table I. includes returns from all the schools in the electoral areas of Bermondsey, North Camberwell, and Wal-

worth ; it represents a typical miscellaneous working-class district. Table II. includes the electoral areas of Dulwich and Lewisham ; it may be regarded as typical of suburban villadom so far as its inhabitants send their children to the elementary schools. Table III. includes the electoral areas of Whitechapel and St. George's-in-the-East, districts distinguished by the presence of a large number of small trades and sweated industries. Table IV. includes the results of the three preceding tables, and may be taken as fairly typical of London as a whole. It was necessary to exclude the returns of a few schools as incomplete, indefinite, or obviously inaccurate. Parent stands for occupation of parent ; boy for occupation of boy ; the two do not quite correspond, as in a certain number of instances the occupation of the parent was unknown. I have included the telegraph boys under "Transport," as for my purpose this classification was the more suitable.

TABLE NO. I.

Class of Occupation.	Number.		Percentage.	
	Parent.	Boy.	Parent.	Boy.
Trades and industries	615	347	40·87	18·74
Domestic offices or services	23	46	1·52	2·48
Transport (including messengers, errand boys, van boys, &c.)	191	829	12·69	44·76
Shopkeepers, shop assistants and dealers	137	133	9·10	7·18
Commercial occupations	61	141	4·05	7·61
General labour	436	215	28·98	11·61
Professional occupations and their subordinate services	11	5	0·73	0·27
General or local government	26	6	1·73	0·32
Defence of the country	5	1	0·33	0·06
Higher education	—	27	—	1·45
Unemployed	—	102	—	5·52
Total	1,505	1,852	100·00	100·00

TABLE NO. II.

Class of Occupation.	Number.		Percentage.	
	Parent.	Boy.	Parent.	Boy.
Trades and industries	347	151	35·57	14·86
Domestic offices or services	14	27	1·45	2·64
Transport (including messengers, errand boys, van boys, &c.)	70	350	7·24	34·31
Shopkeepers, shop assistants and dealers	100	126	10·34	12·35
Commercial occupations	180	157	18·61	15·38
General labour	144	54	14·89	5·29
Professional occupations and their subordinate services	47	2	4·86	0·19
General or local government	66	9	6·83	0·88
Defence of the country	2	5	0·21	0·48
Higher education	—	76	—	7·45
Unemployed	—	63	—	6·17
Total	967	1,020	100·00	100·00

TABLE No. III.

Class of Occupation.	Number.		Percentage.	
	Parent.	Boy.	Parent.	Boy.
Trades and industries	349	305	51.09	41.84
Domestic offices or services	25	18	3.66	2.47
Transport (including messengers, errand boys, van boys, &c.)	72	189	10.54	25.93
Shopkeepers, shop assistants and dealers ...	91	48	13.33	6.58
Commercial occupations	11	39	1.61	5.35
General labour	116	63	16.99	8.64
Professional occupations and their subordinate services	10	3	1.46	0.41
General or local government.	8	—	1.17	—
Defence of the country	1	—	0.15	—
Higher education	—	7	—	0.96
Unemployed	—	57	—	7.82
Total	683	729	100.00	100.00

TABLE No. IV.

Class of Occupation.	Number.		Percentage.	
	Parent.	Boy.	Parent.	Boy.
Trades and industries	1,308	803	41.46	22.31
Domestic offices or services	62	91	1.97	2.53
Transport (including messengers, errand boys, van boys, &c.) ..	333	1,368	10.55	38.00
Shopkeepers, shop assistants and dealers ...	328	307	10.39	8.52
Commercial occupations	252	337	7.98	9.36
General labour	696	332	22.06	9.22
Professional occupations and their subordinate services	68	10	2.16	0.28
General or local government	100	15	3.17	0.41
Defence of the country	8	6	0.26	0.16
Higher education	—	110	—	3.05
Unemployed	—	222	—	6.16
Total	3,155	3,661	100.00	100.00

In considering these tables certain facts, impressed on me by the examination of the school returns, must be borne in mind. None of the parents are returned as unemployed; this is because the trade of the parent alone was asked for, and no account was as a rule taken as to whether he was employed or not. Secondly, the occupations are somewhat vaguely described; this is especially true of the term "labourer." More exact information would no doubt have removed the parent from the class "general labour" and placed him in the class "transport," and occasionally in the classes "domestic service" or "shop assistant." Thirdly, the messenger boys are included partly under "transport" and partly under "shop assistants," the boy being termed sometimes an errand boy and sometimes a shop boy. The term "office boy," which appears frequently in the returns, is vague. I have classed the office boy as an errand boy unless the return places him in the column "skilled employment," when I have included him under the heading "commercial occupation." The percentage of

those returned as leaving in order to attend a secondary or technical school is small, because the majority of the scholarships of the London County Council for secondary schools are awarded between the ages of 11 and 12; and the school returns as a rule omit the scholarship children, and include only boys leaving at the normal age of 14. The small number returned as unemployed is due to the fact that the boy appears often to have told the master his intentions as to his occupation before he has actually found a situation.

If allowance be made for these facts, and Table IV. be compared with the table founded on the census returns, it will be seen that the distribution of trades for men follows closely the distribution of trades of men between the ages of 20 and 45, while in the case of boys of 14 the difference, though more marked, is not very considerable. It must, of course, be remembered that the census returns include all Londoners, while the school returns include only those parents with sons attending the elementary schools. The close resemblance between the tables founded on the census and on the school returns, due allowance having been made in accordance with what has been said above, is a sort of confirmation of the general accuracy of the school returns, and adds greatly to their value.

I thought it desirable to give in detail the result of my analysis of the school returns, because, so far as I know, no other tables, comparable in the number of cases concerned, exist which specify the occupation of the parent as well as the occupation of the son. It is impossible here to do more than comment briefly upon a few of the conclusions which may be drawn from these tables. First we have forced upon our attention again the striking difference between the distribution of occupations for the adult and for the boy; but we see it now from another and very important point of view. The tables show that in only a small proportion of cases is it possible for the boys to be working with and under the control of their parent. If, for example, 10 per cent. of the parents are included under "transport," and 38 per cent. of the boys, it is clear that little more than a quarter of such boys can be employed along with their fathers. The actual facts, as revealed by an examination of the individual cases, are much stronger, and demonstrate the extreme rareness of father and son following the same occupation. In the case of "trades and industries," the trade of father and son is not infrequently the same; this is in particular true of the small trades of the East End included in Table III. In suburban villadom, Table II., the clerk is often

'father to a clerk, while the son of a shopkeeper occasionally helps his father in the shop. The coster habit likewise runs in families; but with these exceptions father and son do not work together. Hence the boy who enters a skilled trade has rarely his father by his side to initiate him into its mysteries; while the boy who drifts into some form of unskilled employment is almost always removed from parental control. It is desirable to consider a little more closely these two classes.

The majority of the boys who chose unskilled occupations are included in the classes "transport" and "shop assistants," which together comprise nearly half the whole number of boys. These boys are errand boys, van boys, shop boys, telegraph boys, and other messenger boys in Government employ. They differ but in degrees of badness of training and discipline and poverty of outlook. The vast majority are discharged or discharge themselves before they reach the age of 18, because they see no openings for themselves where they are. Mr. Cyril Jackson, in his report to the Poor Law Commission, has made a detailed study of the different classes. The position of the van boy is the most deplorable; of 156 cases examined seven at most were found to have entered later a skilled trade. The shop and errand boys did not fare much better; out of 150 some 14 became either clerks or members of a skilled trade. Special attention is given to the boys in Government employ, such as telegraph boys, and the impression left in the mind of the reader is the conviction of the almost criminal neglect of those responsible for engaging them. The name of Government is attractive; and many of the brightest boys are caught in the net, only to find that they have practically no prospects and are compelled later to fill the already over-full ranks of unskilled labour. Of the whole errand-boy class it may be said that they are on duty for long hours, though frequently left with nothing to do, are under inadequate supervision, learn nothing, and speedily slough off the effects of their school training, find it fatally easy, if through misconduct they lose one job, to get another, and earn good money until the age of 18 is reached, when they see themselves cast adrift without a trade and without any opportunity of learning one, even if they have, which they usually have not, the desire to do so.

If we pass to those who enter skilled occupations we cannot find any strong reasons for satisfaction. Taking Table I., a typical working-class district, we note only about 27 per cent. employed in trades and industries, commerce, professional and Government

service, the classes which include the bulk of what may be called skilled occupations. Suburban villadom in Table II. does a little better with about 31 per cent., and here a larger proportion of boys remain at school. Table III., with nearly 50 per cent., has a pleasing appearance at first sight, but the bulk of the trades concerned belong to the tailoring and other industries where sweating is rife, where the skill required is of a very low order, and the wages small and inadequate.

But even where a boy has selected some skilled form of employment, it by no means follows that he will become a skilled workman. The old system of indentured apprenticeship in London is passing away, lingering perhaps in a few trades as an interesting survival, but destined probably even there to disappear. The master is no longer bound to train the apprentice; the apprentice, even where the name is retained, can usually leave at a week's notice; there is no tie between the two. Now the old system of indentured apprenticeship could claim two distinct advantages. There was first the semi-paternal relation between master and apprentice, the latter often lodging in the house of the former. Secondly, with the small workshop and the small working-master, it was easy to ensure an all-round training. But with the development of machinery, the rapid growth in the size of the factory and the minute subdivision of labour, a new state of affairs has come into existence. Boy's work is separated from man's work; the boy is set to perform the same operation, and acquires skill and dexterity only in that one direction. If a wood-worker, he may make nothing but chair legs or table tops; he is given no opportunity to become an all-round craftsman. As men they are skilled, not in a trade, but in a single operation of that trade. So long as there is a demand for their specialised ability they can command high wages, but their position is a precarious one. They are supported above the abyss of unskilled labour by the fragile bridge of a single aptitude. A new invention, a reorganisation of the industry, a change in the demand for commodities, may render their peculiar skill useless and precipitate them into the gulf. The technical institutes are unanimous in their opinion of the one-sided training now given in the workshops. Further, needless to say, in the huge factory all personal interest of master in apprentice is dead. Here, as with the unskilled trades, the boy is freed from all discipline after he reaches the age of 14.

What, then, is the remedy? It is idle to call for a return to the old system of indentured apprenticeship. Here and there, by persistent persuasion, a small employer may be induced to

take and train an apprentice, but only a fringe of the problem can be touched in this way. The tide of industrial change sets in another direction. It is impossible to examine the various tables indicating the distribution of trades in London without realising that there is an immense demand for boy-labour to perform tasks confined to boys, providing openings for boys and no openings for men. We cannot ignore, in our schemes of reform, the industrial situation. We must assume, therefore, that the majority of boys must, while the industrial organisation remains as at present, on leaving school, follow occupations where training and discipline are practically non-existent.

Training and discipline are obviously necessary for the boy. They cannot be secured in the workshop, or in the home where the boy spends but a small portion of his time; if given at all they must be given in some place of education; and we shall not get the boy to a place of education without compelling him to attend. Now there is nothing new in the history of England in the supervision of its youth by the State; indeed, the neglect of to-day is the novelty. The matter of apprenticeship used not to be regarded as a question to be settled by individual employer and individual parent, or even by guilds of masters and guilds of craftsmen. The State continuously recognised its interest and its duties in the training of its youth. The Statute Book is punctuated by frequent reference to the subject. The Statute of Artificers passed in the reign of Elizabeth consolidated previous legislation and endeavoured to insist on a seven years' course of apprenticeship. Further, under the Elizabethan Poor Law the overseers had power to seize upon any boy who was drifting into idle or criminal ways, whether child of pauper or not, and for his own good apprentice him unwilling to a willing master. With the repeal of the Statute of Artificers in the early days of the last century, and the reform of the Poor Law, for the first time in history the State washed its hands of all responsibility in the matter of training and supervision. Not till the Education Acts making attendance at school compulsory did it again recognise that responsibility.

It is along the development of these Acts that we must proceed. Ten years have elapsed since the school age of compulsory attendance was last raised. The age from 14-15 has been shown to be an age of drift and change; and drift and change are bad for the growing boy. We must clearly raise the age of compulsory attendance from 14 to 15. But this alone will not solve the problem of training and discipline. We must keep the lad under

supervision until at least the age of 18 is reached. This can best be done by insisting on a new half-time system, under which the boy from 15 to 18 is compelled to attend a place of education either in the morning or the afternoon, and allowed to work only during the remainder of the day. Under this half-time system the lad who has entered a skilled trade will receive that all-round training he can no longer secure in the workshop. Those entering unskilled trades will either be prepared for something better, or, if destined to fill the ranks of unskilled labour, will become at least intelligent unskilled labourers, and not as at present the dull, heavy louts of 18, fit for nothing but the exercise of mere brute force, and not very fit for that. Both alike will receive from the State supervision over their physical, mental, and moral development until the age of 18 is reached. These are the proposals contained in the Minority Report of the Poor Law Commission, and also in the supplementary report on apprenticeship, unanimously adopted by the Education Committee of the London County Council.

To discuss in detail these suggestions would require a whole essay. Indeed, it is doubtful whether we possess the knowledge required for a detailed exposition. We do not, for example, know whether the demand for skilled labour is increasing or decreasing, apart from ordinary cyclical changes; we do not know whether what modern industry requires is manual dexterity, or, as seems more probable, mental alertness and adaptability. But at least we do know that the present system, which allows our youth to grow up without supervision and without discipline, is not and cannot be in the best interests of the community; and this knowledge is sufficient to justify the proposals made. The particular shape which these proposals will take and the particular kind of training to be given are things which only future experience can decide, and can decide not before but only after the proposals have begun to be put in force.

R. A. BRAY .

REVIEWS

Cours d'Economie Politique. Par CHARLES GIDE. (Paris : J. B. Sirey, 1909. Pp. vii + 795.)

Histoire des Doctrines Economiques depuis les Physiocrates jusqu'à Nos Jours. Par CHARLES GIDE et CHARLES RIST. (Paris : J. B. Sirey, 1909. Pp. xix + 766.)

THESE two volumes are, we are convinced, destined to be placed, and to remain, among the most welcome and valued possessions of every serious student of economics in France or elsewhere who can boast of the ownership and use of an adequate library. And they will, we think, in most instances belong to that more choice and favoured portion of his collection which the genuine lover of economic literature keeps near at hand for speedy reference. For not merely do they bear the stamp of enduring monuments of economic erudition, but the neat order, the unfailing *verve*, and the extreme lucidity with which these stores of vast and accurate learning are set before the reader, are calculated both to whet his appetite at the immediate moment and to grip and fasten his attention at their first experimental trial, and also to draw him repeatedly to seek renewed acquaintance with such a perennial source of wholesome, succulent nourishment. M. Gide and his collaborator in the second of the two treatises before us have indeed laid us under a heavy obligation, which we gratefully acknowledge and accept, but we can hardly hope to gauge it fully within the limited compass of a short review. All that we shall attempt, accordingly, is to convey a few suggestions of the opportunities, as rich as they can easily be utilised, which are here afforded for gaining an exact and ample knowledge of the past history, the present status, and the future possibilities of economic thought and investigation.

The first of the two books consists in part of the presentation

in a new garb of an old familiar friend. M. Gide himself, in his preface, confesses to a natural fondness for the earlier form of his treatise, and he regrets, if we understand him aright, the hard necessity, imposed by the preparation for particular examinations of students for whose instruction the volume is primarily designed, of incorporating fresh material, amounting in all to about as much as half again of that contained in the original work. He even speaks of the "adventitious" discussion of questions which, however interesting they may be, are connected indirectly rather than immediately with political economy, strictly so called. He fears that these addenda may disturb the simple lines, and cast a blemish on the fair arrangement, of the science which he expounds; and for that reason he intimates that those who wish can still procure the earlier book, which will continue to be published under its well-known title. That book, as students in this country are aware, has won an acknowledged high position in the small class of economic manuals of world-wide fame. And its repute is fully justified. We know of no text-book of Economics of its size through the medium of which the general reader can obtain more easily or satisfactorily a competent acquaintance with the most modern results of systematic reflection and inquiry. It is in the best sense of the word "up-to-date"; and the pupil may feel confident that nothing of real importance has escaped the notice of his acute and vigilant instructor, or been, without sufficient cause, omitted from the scheme of exposition. Of the art of clear and forcible exposition, indeed, M. Gide is a past-master; and it is no extravagance to say that he has taken full advantage of the rich capacities of that admirable vehicle of facile and attractive explanation which is supplied in ampler measure perhaps by the French language than by the speech of any other nation of the Western world. To these high qualities our author adds an impartial and discriminating judgment, free at once from distorting prejudice and from unbalanced approbation; and he is consequently able to find its proper place for every important variety of doctrine and every serious contribution to enduring knowledge. His sense of proportion is, we think, as unailing as his learning is profound and exact.

But it is not necessary, and it would be perhaps gratuitous and impertinent, to eulogise a book which, like M. Gide's *Principes d'Economie Politique*, is now known, and appreciated, wherever economic study is actively pursued. We have recalled its acknowledged qualities here because they are, as it seems to us, the characteristic

features of its newer, later shape no less indisputably than they belonged by general consent to its old original form. We cannot imagine that those who possess and have valued the one will not wish and hasten to own and use the other. M. Gide himself states that, although the form and title of his treatise may have changed, its character is fundamentally unaltered. It remains, as he truly says, "elementary" in the sense that his sole endeavour has been throughout to expound facts and their relations in the most lucid and objective manner that is possible. He has even adhered to the ancient division of the subject into the production, exchange, distribution, and consumption of wealth. For, although this scheme of treatment may (with some reason) be held to be superseded, and is certainly now regarded by many younger writers as old-fashioned, yet M. Gide himself does not think that a simpler or more convenient classification has hitherto been discovered. We may differ from him on this matter, but his conservatism has at least the great advantage of enabling his readers to feel sure that in studying his new book they are proceeding on the lines to which their previous perusal of his old book had accustomed them.

For their assistance the fresh chapters contained in the larger work are distinguished specially by asterisks; and, in concluding our remarks upon this treatise, it may be instructive and convenient to give a summary indication of the subjects handled in these chapters. For they furnish additional convincing proof of the laudable anxiety felt by M. Gide to keep himself, and his readers, abreast of the last developments of economic study; they illustrate the great attention he has rightly paid to the scrutiny and exhibition of concrete fact and actual circumstance; and they exemplify the reality and the magnitude of the influence which is continually being exercised upon theoretical speculation by changing practice. To his chapter on value, in his introductory discussion of General Notions, M. Gide now appends a section on index numbers, as a scientific mode of adjusting and correcting a measure of value. In his first book on Production, which is subdivided into two parts, dealing respectively with the factors and with the organisation of production, the increasing tendency to enlarge the scale of manufacture and of trade requires four new sections in one chapter, while an additional section of another chapter is devoted specially to Trusts and Cartels, and an entirely new chapter is occupied with the subject of production by the State. Similarly, when we pass in the second book to Exchange, we are not surprised to find a fresh chapter treating of transport, and an extension of the space given in other chapters to commercial

policy and to new developments of credit in connection with agriculture. In the third book, on Distribution, the most conspicuous alteration is perhaps the larger treatment of different aspects of Socialism and of the part played generally by the State, while in the fourth and final book, on Consumption, the rôle of the State is similarly given greater prominence and receives fresh consideration.

For the other volume placed at the head of this notice the responsibility is shared by M. Gide with M. Rist. But the book itself as a whole is marked by the same general qualities as those we have already named as characteristic both of the *Principes* and of the *Cours d'Economie Politique*. The work done by either author covers about half the total number of chapters in the treatise. But it would not be easy, we think, for the reader who did not consult the table of contents, where the authorship of each chapter is distinguished, to discover any conspicuous difference between the successive portions of the work in respect of certain admirable common features. Both authors attain in equal measure to the command and display of the same great merits. These are the careful and judicious presentation of the views of various schools of thought, the accurate and diligent erudition with which a vast mass of copious literature has been examined and digested, the dexterity and impartiality with which salient thoughts have been extracted, and illuminating observations have been given their due prominence, and the mingled aptitude and vigour with which the interest of the reader has been kindled and sustained. After a preliminary perusal of this volume we have reached a conclusion which, we are sure, will only be confirmed by subsequent consultation of its pages; and that opinion is little more than a repetition of the verdict we have ventured to pronounce on the other book associated with this treatise in the present notice. We do not think that by any different avenue of learning a student could possibly make a more agreeable or satisfactory approach to this important region of economic study. Nor does the masterly felicitous removal of the chief obstacles which commonly beset his path by the deft hands of his skilled instructors impair in any sense or degree the solidity or sureness of the knowledge he will gain with their assistance. He need feel no suspicion, therefore, of the wondrous ease by which so desired a result is reached. For it is not a superficial, but, on the contrary, a profound and wide, acquaintance with the development of economic thought, which this book is designed and fitted to impart.

It is no doubt the case with this, as with other histories of economic doctrines, that some selection must perforce be made. The authors of the present treatise frankly recognise the necessity in their preface. In point of time, indeed, they take for their *terminus a quo* the end of the eighteenth century, when, as they maintain, the great lines of development of modern economic thought started with the Physiocrats, although those thinkers, they admit, had precursors in a more distant past. In point of place, writing for French students in the main, they naturally give especial prominence to French authors, although, as they observe, English and German contributions must require a large notice in any adequate account of the main currents of economic speculation. But even within these circumscribed boundaries they have been forced to make a further choice both of economists and of their doctrines. They have aimed, in fact, not at the production of a full detailed account, but rather at the presentation of a successive series of descriptive pictures corresponding to outstanding epochs in the history of thought. They have based this selection, not on the usefulness, nor even on the truth, of the doctrines they have determined to present, for, as they justly remark, the history of error may in effect be no less instructive or significant than the history of what is true. But, on the other hand, as far as possible they have abstained from criticism and from commentary, and have let the authors and their utterances speak for themselves. What their real object has been may, as they contend, be summarised by saying that the true title of their book should probably have been thus expressed. It should have been called "The history of the origin and evolution of the actual economic doctrines which are recognised and taught at the present day."

It is with this purpose in view that they have sought to combine the order of presentation dictated by a wish to bring into relief different schools of thought with that prescribed by chronological requirements, and they have sacrificed the latter to the former wherever necessity demanded. They have grouped doctrines according to their family and parentage, and have classified them more by the epochs when they reached their maturity than by the dates of their original birth, although they have also examined and exhibited them as far as possible in the order of their appearance. Of these epochs of economic reasoning they have distinguished five. The first covers the end of the eighteenth and the beginning of the nineteenth century. To this period belong the founders of the "classical" political economy, among whom the

Physiocrats, Adam Smith and J. B. Say, were succeeded by Malthus and Ricardo, whose disquieting speculations rudely disturbed the pleasing picture of the "natural order" of affairs conceived and portrayed by their predecessors. In the second epoch, embracing the first half of the nineteenth century, the adversaries of this group of writers included Sismondi, Saint-Simon and the "Socialistes Associationistes," Proudhon and List. The middle of the nineteenth century saw the commencement of a new epoch described not inappropriately as the "Apogee" of the Liberal school, which, at the small cost of a few inconsiderable concessions, triumphantly rebutted the assaults that had been made on the old classical dogmas, and gave definite shape to their scheme of doctrine. The leading representatives of this epoch were J. S. Mill in England, and Bastiat in France. The succeeding fourth epoch, coinciding with the second half of the nineteenth century, witnessed the rise of a new group, or series of groups, of dissentients. And this disagreement was shown in four distinct directions. In the region of method the historical school made its appearance. In social politics State Socialism, in scientific or pseudo-scientific reasoning Marxism, and in moral inspiration Christian Socialism, called in question for various reasons the reflections and conclusions of the Liberal school. Finally, with the fifth epoch at the end of the nineteenth and the beginning of the twentieth centuries, we discover in recent doctrines older teachings transformed or deformed into new shapes. In the hedonistic theories and the generic idea of rent, a kind of revision of the classical dogmas is offered afresh, in so-called "solidarisme" a bridge is constructed between Individualism and Socialism, and in Anarchism we may recognise a species of Liberalism run mad.

From this outlined sketch it will be understood how skilfully M. Gide and M. Rist have contrived to thread together the varied forms of economic doctrines into a connected whole; and by such appropriate means they have managed with consummate aptitude to catch and to retain the interest of the reader. For he feels sensible that a continuing motive runs through the different chapters of the story. He is conscious of a consecutive and rational development of thought which will deserve and will reward attentive study. The detailed execution of their plan is, moreover, no less happy than the conception of their general scheme. They make the older writers whom they handle thoroughly alive, and it will be noticed that they have not excluded from their programme the most recent

contributions to economic study. The mathematical school, for instance, finds a place, together with the Austrian economists; and the "solidarisme" favoured in France by M. Léon Bourgeois is described as carefully as are the opinions and the writings of such representative members of the Fabian Society in England as Mr. and Mrs. Sidney Webb. Nor will the reader who dissents from the particular judgments framed in different instances refuse, we think, to recognise the fairness with which the views thus criticised have been exhibited. Both teacher and pupil may, we believe, continually find fresh material for appreciative examination in this rich and ordered storehouse of economic thought; and the longer and oftener they consult the different sections the greater, we are confident, will be their admiration for the industry, ability and candour of the authors.

M. Gide and M. Rist note in their preface the curious, and perhaps characteristic, circumstance that in their own country at the present day there is not a single chair of economic history established in the universities; and they observe that, while in the other civilised countries of the world it is the history of facts and not the sequence of ideas which has taken the foremost place in the study of economic history, in France the exact reverse has been the case. In conclusion, therefore, we should venture to remark that, if the French have hitherto in their arrangements for academic teaching devoted too small a space, or even none at all, to economic history, in the sense of a systematic narrative of the economic incidents and movements of the past, the story, on the other hand, of the development of economic thought must form a part of any comprehensive scheme as a particular section of the general study of economic history, and that the valuable work before us shows beyond dispute that it would not be easy to rival, while it would be impossible to surpass, the combined skill and erudition which French writers can, it is evident, command for the attractive, masterly description of the successive phases of economic speculation. The English student will perhaps note with special interest the extent to which French economists, as a body, have avoided some particular directions favoured generally by English reasoners.

L. L. PRICE

Makers of Our Clothes. By MRS. CARL MEYER and CLEMENTINA BLACK. (London: Duckworth, 1909. 5s.)

MISS CLEMENTINA BLACK has followed up her valuable monograph on *Sweated Industry* by a detailed study of the clothing

trade, with special reference to home workers, and in this last work she has had the assistance and collaboration of Mrs. Carl Meyer. Their joint investigation shows, "with many carefully collected facts and details, that a class of workers intimately connected with all of us—the "makers of our clothes"—are, as regards a large section of its members, grossly underpaid, and often employed in bad and unhealthy conditions. Competition causes unduly long hours of work, especially in "the season"; but it appears that, though evasions of the Factory Act occur, the hours would probably be much longer still if there were no law on the subject. Fines and deductions are in some degree checked by the operation of the Truck Acts, but are a serious form of oppression in retail shops, where the factory inspectors have no power to enforce the law. Oppressive fines are, however, only one form of under-payment, and "under-payment is the real root evil from which women workers (and many men workers, too) chiefly suffer. . . . Extreme under-payment is a result of unlimited competition. . . . Only by setting a barrier to the downward trend of wages can we hope to remedy that kind of poverty which is produced not by the vice, the drunkenness, or the idleness of the sufferers, but by their industry, patience, and abstinence." In her concluding pages Miss Black deals with the somewhat trite and obvious objections usually brought against the establishment of Trade Boards to fix minimum rates of wages. It is urged that an increase of wages would be neutralised either by higher prices (which would injure the poor consumer), or by the importation of sweated goods from abroad (which would lessen employment here). As a matter of fact, however, there are extraordinary variations in the wages paid for the same work, and this book contains many instances showing that employers paying good wages can sell at the same prices as, or even lower than, the sweater. In regard to the objection that the rates fixed by a Wages Board are sure to be evaded, and therefore nullified, Miss Black admits that doubtless at first there will be evasion. "A law which no person desired to evade would be, by that very fact, superfluous." The Factory Acts have always been evaded, even to a considerable extent, yet their operation has been powerful to improve conditions of labour. Timidity may no doubt cause some poor women to connive at breaches of the law for fear of losing employment, but as the Wages Board becomes a recognised institution, and standard rates of pay become customary among all but the worst class of employers, it will probably occur even to the least grasping or most timid that

a living wage is worth an effort. The young women are already beginning to take an eager interest in the proposal. "It is with the young that the future lies, and a new generation growing up under a system of Trade Boards will find it as much a matter of course to receive an approximately adequate wage as factory workers now feel it to break off at 12.30 or 1 o'clock for a dinner hour."

B. L. HUTCHINS

The Methods of Taxation Compared with the Established Principles of Justice. By D. MACGREGOR MEANS. (New York : Dodd, 1909. Pp. 380.)

ONE of the objects of the author is to direct attention to "the deplorable inconsistency between our practices in taxation and the rules of justice that are universally recognised"; another is "to show what taxes are really just." In the belief that writers on taxation have neglected the fundamental inquiry into the views which prevail concerning the rights of property and the principles of justice which all men admit in dealing with them, Mr. Means examines at some length the nature and limitations of property and the practices of the courts respecting it. But the few generalisations regarding equity which result from this part of the inquiry do not appear appreciably to advance the problem of taxation.

Of the three "methods" which are here recognised the proportionate and the progressive assume that the Government can know the income of every person, but in practice they involve self-assessment, which works unjustly and places a premium upon dishonesty. "Nothing can excuse the legislature for resorting to the morally disastrous practice of demanding disclosure by the taxpayer," and therefore personal property taxes and income taxes must be rejected. The economic method, of which the predominant aim is to procure the revenue with the least possible diminution of the income of the subjects, is the proper one, although the author insists that the recognised principles of justice shall not be disregarded, and we often find him using the conceptions which he has too summarily rejected. The work is mainly negative and not always coherent. "Licence taxes are objectionable because they are unequal"; taxes on spirits, beer, and tobacco "offend against some of the principles of the fiscal method," but "it seems hopeless at present to try to dispense with them." The best that can be said for death duties is that they are not so outrageously bad as the general property tax. A tax on corporations

diminishes the economic gain which the corporation is created to secure, and is thus irrational as well as burdensome. The one important tax which meets the requirements of the economic method is that on real property, particularly on dwellings, and in discussing the incidence of this the author retains the theory of division of the burden between site owner and occupier which Professor Edgeworth has criticised (*ECONOMIC JOURNAL*, VII., 65, and X., 190). Many of his references to English taxes are inaccurate, and he attributes the imposition of the sugar duty here to a desire to benefit the West Indian planters. The really valuable part of the volume is the emphasis given to the evasion and fraud practised in America, especially in connection with the taxation of personalty.

STANLEY H. TURNER

Tariff Makers, their Aims and Methods. A Sequel to "Fact versus Fiction: The Cobden Club's Reply to Mr. Chamberlain." (London: Cassell & Co., 1909. Pp. vi+119. Price 1s. net.)

THIS latest reply of the Cobden Club to the proposals of Mr. Chamberlain and of Tariff Reformers in general was, as we are told in the preface, drawn up by Lord Eversley, whose "work was considered and revised by the Chairman and other members of the Committee of the Club." The book is divided into nine chapters, but more than a third of it is occupied by Chapter iv., entitled *A Tariff-mongering Commission*. This chapter, which is perhaps the most important in the book, contains a critical examination of the reports and volumes of evidence published by Mr. Chamberlain's Tariff Commission. Fourteen of the principal trades have now been inquired into by the Commission, and the results of these inquiries fill "seventeen heavy volumes." Through all of these the writers of the book under review claim to have "waded," and the judgment they have passed with regard to the Commission is one of unqualified condemnation. "We are able to affirm," they say, "that no greater fraud has ever been perpetrated, under the pretence of a scientific inquiry, on a grave question of public policy, and that to all intents the results are absolutely worthless" (p. 35); and, again, in summing up their conclusions: "We have done our best to give a short *résumé* of the fourteen Reports of the Tariff Commission. We have shown that they are all tarred with the same brush. None of them have the rudiments of independent or scientific procedure. They are mere *ex parte* inquiries, confined in each case to the particular

industry dealt with, conducted by men whose minds were fully made up in favour of the general scheme of their leader, Mr. Chamberlain. There has been no pretence of hearing the other side of the question. The witnesses were equally of one mind as the self-appointed Commissioners, and have been selected on that account. No single representative of Labour has been examined throughout these inquiries as to the effect of the scheme on the labourers. It has evidently been the intention of the Commission to restrict their inquiries to each industry dealt with, and carefully to exclude consideration of the effect of the whole policy upon that and all other industries" (pp. 74, 75).

The Reports of the Tariff Commission, the writers say, consist of two main parts. One "deals with the past of the various trades inquired into," and the second "consists of dismal jeremiads as to the future." It is pointed out that in many cases the inquiries were made several years before the Reports were published, and that, owing to the improvements which took place in our export trade between the years 1904 and 1908, much of the evidence was out of date before its publication. The Cobden Club writers have therefore not had much difficulty in showing that the "dismal jeremiads" to which they refer have not been justified by the progress of events, and it is against this second part of the Reports that their criticism is mainly directed. They have comparatively little to say as to the first part, which deals with the past of the various trades inquired into, and the book might, we think, have been made more useful if it had said more as to the value of the facts contained in the Reports, and less as to the falsification of prophecies. Many of the unfavourable criticisms, however, seem to be well deserved—*c.g.*, in the case of the glass industry the most important of the questions asked by the Commission was: "What minimum duties, if any, on the articles imported similar to those you manufacture do you suggest as sufficient to safeguard the interests of your trade?" (p. 62). As might have been expected, most of those to whom this question was sent were in favour of high duties. The writers, we think, quite rightly submit that it should have been put thus: "What would be the effect on your business, or upon the workmen employed in it, of the import duties proposed under Mr. Chamberlain's scheme on all articles of food and of manufacture, other than raw materials?" (p. 62).

The remarks on the Report of the Tariff Commission on Hops, pp. 70-74, also strike us as particularly deserving of attention. The difference between the conclusions arrived at by the Select

Committee of the House of Commons which inquired into the state of the hop industry in 1908 and those reached by the Tariff Commission is so marked as fully to justify the suggestion that "it would be well worth while to follow this up by similar inquiries into other trades and industries which the Commission has dealt with" (p. 74).

The rest of the book does not contain much which calls for comment. The first three chapters are mainly historical, and contain, together with some remarks on Mr. Chamberlain's prophecies and Mr. Balfour's attitude towards Tariff Reform, a good short sketch of the history of the fiscal controversy during the last six years, which should be useful to those who wish to refresh their memories with regard to the various phases through which it has passed. Chapter v., entitled *Foreign and Colonial Tariff-mongers*, is taken in part from an article by Lord Eversley in the *Edinburgh Review* for October, 1908, on the *Report of the Proceedings of the International Free Trade Congress*, reviewed in the March number of this JOURNAL. Chapter vi. deals with the proposal to broaden the basis of taxation by means of numerous small import duties; and Chapter vii. contains a vigorous statement of the now well-known arguments against Colonial Preference and Retaliation.

The book is often much too dogmatic in tone. We quote one example: "It [*i.e.*, Tariff Reform] can only be described as a deliberate scheme for robbing labour for the benefit of the capitalist and landowner" (p. 119). Extreme statements of this kind have a tendency to lessen the influence which such a book ought to have, and to draw away attention from the many valuable criticisms it undoubtedly contains.

HENRY S. FURNISS

Manuale della Scienza delle Finanze. By F. FLORA. (Third Edition. Leghorn. 1909.)

IN this new edition, Professor Flora's convenient and well-written text-book has retained all the features which made it, on its first appearance, one of the most serviceable expositions of the subject. As is natural, it has grown in size, in order to include the new discussions and to describe the more prominent events in recent financial policy. An interesting addition is the notice of the evolution of financial systems (pp. 277-8). The note on the Austrian income tax (p. 427), as also the section on the Italian State *octrois*, show the care taken in keeping the

book up to date. In like manner the condition of local finance in Italy in its latest phase is carefully described in the appendix dealing with that topic. Attention is given as well to the more political side of finance. Thus the Drago doctrine is noticed in connection with the question of National Debt.

C. F. BASTABLE

The Inheritance Tax. By MAX WEST, Ph.D. (Second Edition, Revised and Enlarged. New York and London. 1908. Pp. 249.)

SINCE the first edition of Dr. West's valuable monograph (noticed in the *ECONOMIC JOURNAL*, vol. iv., page 300) there has been a great development of the form of taxation with which it deals. The English system has been completely remodelled by the Finance Act of 1894. France has adopted a peculiar progressive form for its *droits d'enregistrement*. In Germany a federal inheritance tax has been established; while the several States of the American Union have been extremely active in devising varied duties on successions. There has also been a good deal of theoretical discussion on the principles and the effects of such taxation. The most important results of both practice and theory are incorporated in this new edition, though it may be said that very little advance has been made in the theory during the last fifteen years. The part dealing with "Economic Theory" (Chapter ix.) has received less alteration than any other portion of the work, but this may be explained by the author's adherence to his original views.

Some of the legal issues raised by death duties are noticed in the chapter "Legal Theories" (Chapter viii.). It is instructive to learn that the American Courts hold that these duties are levied on "the privilege of inheritance," not on "the property transferred"; and, further, that they may be assimilated to excise duties, and are not "direct" taxes. It may easily happen that British tribunals will have to deal with similar questions in the future. One matter of great importance is not treated by Dr. West with his usual care, viz., the question of double-taxation. He refers to the difficulty in the case of the United Kingdom and the Colonies, and also in American State taxation; but the problem is a very general one. The unfortunate isolation of England and the United States from the private international law of the Continent makes a solution by agreement of States difficult. But it is certain that, with the ever-increasing mobility

of capital and greater facilities for migration, the cases when tax jurisdictions are in conflict over successions of property will become more and more frequent. An examination of the principles and possible solutions by so competent an authority as Dr. West would have been a boon to students of finance and international law.

C. F. BASTABLE

The Budget in the American Commonwealth. By E. E. AGGER, Ph.D. (New York and London. 1907. Pp. 218.)

IN England, the theory of "the Budget" is regarded as belonging to constitutional law, or what is called in some university courses "public administration." Americans, following the Continental practice, treat it as a part of public finance, and it is from this point of view that Dr. Agger does for the States of the American Union what Stourm has done for European countries. The work is a meritorious compilation and generalisation of a great deal of material which has not hitherto been brought together. Perhaps the most impressive point that emerges from the monograph is the anomalous position of the American Commonwealth, or "State." In one respect "sovereign," in others it is strictly limited. Both modes of expenditure and forms of expenditure are rather those of a province or municipality than a State. For this reason the contrast drawn between American and European practice as respects the preparation and voting of "the Budget" loses its force. The student of local finance will learn more from the details given than those who are interested in the finance of the central government.

C. F. BASTABLE

Landholding in England. MARY A. M. MARKS. (London: A. C. Fifield.)

THIS is not a valuable contribution to the history of landholding in England. The earlier part, which deals with the centuries previous to the seventeenth, is full of errors, while the later portion is a one-sided attempt to prove that the disappearance of the small landowner is entirely due to artificial causes.

It is unfortunate that the author has not consulted some later authorities than Spelman, Blackstone, and Sharon Turner for the early and middle ages. Had she done so, we should not be told that the Anglo-Saxons introduced trial by jury (p. 9), that the Eorl was the same as the Earl, and that they held their

lands from the Crown (p. 12); that the two classes of villeins were those regardant, and in gross (p. 19).

Even these out-of-date authorities can hardly be held responsible for some of Miss Marks's other statements. For instance, she tells us that book-land was subsequently called copy-hold (p. 12); that before the Statute De donis conditionalibus, fee-simple was turned into fee-simple absolute by collusive recoveries (p. 25); and that the Statute Quia Emptores allowed freeholders to leave their lands by will (p. 27), and turned the old "udall" freeholders into feudal vassals (p. 29).

Then, again, when dealing with the fourteenth century, she states that the Black Death led to the eviction of tenants (p. 34), whereas all evidence goes to show that, on the contrary, it was the villeins who ran away, because of the better opportunities to be found in the free labour market, and she seems to imagine that the Statute of Labourers dealt with villein services (p. 38); while in the following page we are told that a lease for thirty years created a freehold. These mistakes, which might easily be added to, are not confined to the Middle Ages.

Thus we are asked to believe that the enclosures of the sixteenth century were in some measure due to the statutes against "livery," because when the tenants could no longer be armed, they lost their value, and accordingly their lords raised their rents and proceeded to enclose (p. 57)—a statement which she contradicts on the next page by informing us that by these statutes the lords were relieved of the great charges of livery and military service.

Her whole treatment of the enclosures of the sixteenth century is very perfunctory; and apparently she is not aware of the important work which has been done on them by Mr. Leadam, Mr. Gay, and many others. We are led to believe that enclosure was causing trouble over the whole of England, whereas we have only evidence with regard to twenty-five counties, and that it was followed by wholesale eviction. No trouble, in short, has been taken to inquire carefully into this difficult and complicated question.

Then, again, we are informed that the customary tenants were at once cleared off the monastery lands by those who secured them after the dissolution (p. 119).

With the seventeenth century Miss Marks is on surer ground, especially when treating of the enclosures of the eighteenth and nineteenth centuries. Here she has the guidance of Mr. Slater's book on *Enclosure*.

Yet even here her pamphlet errs—not, indeed, so much for what it says as for what it omits. There is, for instance, no attempt to distinguish carefully between the effects of the enclosure of the common field and of the waste, nor of the effect of both kinds of enclosure on different classes, nor to discuss the difficult question how far those who suffered from enclosure of the waste had any legal rights at all. Again there is no exhaustive inquiry into the causes, other than enclosure, which led to consolidation, such as the introduction of scientific farming, the industrial revolution, the Napoleonic wars, and the bad years that followed. Instead of a judicial inquiry of this sort, we are treated to an *ex parte* array of writers against enclosures, without any evidence in their favour, of which there is plenty; and are asked to believe the *ipse dixit* of the author that the small husbandman “was first wrenched off the soil and then weeded off” (p. 105).

The last two chapters, on the working of strict family settlements, on the expenses of land transfer, and on the objections to building leases, if not new, are clear and good; but when in her conclusion Miss Marks expresses her opinion that our Land Laws are chiefly responsible for the accumulation of the land of England in a few hands, she forgets that the system of family settlements is not due to our Law of Entail, but to social custom which has succeeded in evading it, and that the Law of Primogeniture only deals with intestate succession, and rarely comes into operation.

Like all writers of her school, Miss Marks underestimates the number of small owners who survive in England to-day, as anyone may see by consulting the *New Domesday Book*, 1876, and the report of the Board of Agriculture for 1895-6; and if their numbers are to be increased, some more drastic remedy will be needed than the freeing of “the operation of natural causes” (p. 193), which, in our opinion, have had a very considerable influence in driving the poor man from the soil.

ARTHUR H. JOHNSON

The Railways and the Nation. By W. BOLLAND. (Unwin's Sociological Series. Pp. 144. 1s. net.)

THE theme of this book is summed up in the words “Railways are naturally a monopoly” and “The function of railways is primarily social.” Starting from these premises, Mr. Bolland attacks the old policy of competition. “The attempt,” he writes,

"to regulate railways by means of competition has been a mistake, which has inflicted enormous losses on the country." As combinations only modify the competition between railways, Mr. Bolland advocates nationalisation as the only efficient remedy for the existing state of affairs.

As Mr. Bolland wishes to see the railways developed as social rather than commercial undertakings, he proposes that they should be put on the same footing as roads. It is, to say the least, a daring proposition that the cost of maintaining the railways should be borne by national and local taxes, and that rates and fares should be reduced correspondingly. Moreover, Mr. Bolland considers the present basis of rates is wholly wrong. Distance, he considers, is of no moment. The penny post is his ideal. He suggests three fares only; and, whilst admitting the fares would have to be settled after statistical investigation, the revolutionary character of his idea is shown by the fares he uses for purposes of illustration. As the average payment per passenger journey is only 7d., he considers 2d., 6d., and 2s. 6d. would be likely amounts for the fares. It does not seem to have occurred to Mr. Bolland that the Post Office have not found it possible to apply the principle of the penny post to parcels.

It must be admitted that in his proposals Mr. Bolland is loyal to his ideals. His attempt to justify them by figures representing present results is, however, a failure. Instead of making careful investigation, he frequently makes guesses. As might be expected, his guesses are as often wrong as right.

W. T. STEPHENSON

Life of Friedrich List, and Selections from his Writings.

By MARGARET E. HIRST. With an Introduction by F. W. Hirst. (London: Smith, Elder & Co., 1909. Pp. xxii + 332. Price 7s. 6d.)

THIS book is an important contribution to the history of Economic Theory. Miss Hirst, as she states in the preface, has studied her subject in Germany, particularly at Reutlingen, the birthplace of List, and she has, both there and elsewhere, made good use of the papers and manuscripts she has examined. There is no other adequate life of List in English, and Miss Hirst has succeeded in filling up some gaps in our knowledge of him, especially with regard to his English and American experiences, of which she gives a more complete account than is contained in the best German lives.

The account of his visit to England in June, 1846, is par-

ticularly interesting, when he witnessed two noteworthy events. "In the Upper House," he says, "I saw the Corn Law expire amid their lordships' cheers; and a few hours later, in the Lower House, I saw Peel's Ministry receive its death-blow" (p. 100). It was on this occasion, also, that he first met Cobden, who was quite unable to convince him that the new English free trade policy was not adopted with intent to injure Continental industry.

The story of his five years' stay in America, from 1825 to 1830, after his banishment and flight from Württemberg, is well told, and contains several striking passages from his note-books. Here, for example, is his impression of the American nation: "Anything new is quickly introduced here, and all the latest inventions. There is no clinging to old ways, the moment an American hears the word 'invention' he pricks up his ears. All matters concerning the people as a whole, public order, legislation, holidays, newspapers, and so forth, are excellently managed, and the experience must broaden the mind of any European. But if he penetrates into their private life he finds it dull, monotonous, and stiff." "This drawback List put down to democracy, because in a monarchy the aristocrat's rank is assured, and he need not always consider his dignity; in America a man's superiority is not taken for granted, hence he feels he must continually assert it by his behaviour" (p. 35).

List is, of course, generally regarded as the prince of Protectionists, and, as Mr. F. W. Hirst points out in his very suggestive preface to his sister's book, "it is not too much to say that most of the ideas which underlie modern tariffs, both in the old world and in the new, were originated or formulated by List" (p. xx). It is often forgotten, however, that he was, as Mr. Hirst also says, "one of the founders of a great free trade movement—a movement for the consolidation of Germany, which eventually destroyed more customs houses and more obstacles to trade than had been swept away even by the political whirlwinds of the American and French Revolutions" (p. xvi). Professor Echeberg, who is quoted by Miss Hirst, also put this point well at the unveiling of the Kufstein memorial to List in 1906, when he said: "Those entirely misunderstand List who look on him as a mere protectionist. He was never a man of cast-iron views. 'If I had been an Englishman,' he said himself, 'I should have been a free trader.' He always had before him as the goal of his endeavours universal free trade" (p. 134).

The extent to which the internal trade of Germany was impeded by protective barriers during the first thirty years of the

nineteenth century is now not easy to realise. "Prussia alone," says Miss Hirst, "could show within its boundaries sixty-seven different tariffs, levied according to districts, some on persons and some on goods. No fewer than 2,775 articles were liable to taxation, and the dues were collected by an army of officials. As a foreign observer remarked, the Germans were prisoners, who could only hold intercourse with one another through iron bars" (p. 12). It was largely owing to the indomitable energy of List that this state of things was swept away, and it is the part he played in bringing about the German Zollverein, and in arousing a national spirit in Germany, which entitles him to the name of a great patriot.

The work List did for the development of the German railway system is perhaps not so well known as the part he played in bringing about the German Zollverein. He tried his hand at numerous occupations during the course of his chequered career, and for a short time during his stay in America we find him acting in the capacity of a colliery owner and company promoter on a small scale. He discovered and bought a coal mine, and formed a company to develop and connect it by rail with a canal. His desire to find a wide market for his coal drew his attention to railroads, at that time the new means of transport, and his interest in this subject led, in 1833, to the publication of his pamphlet entitled *Thoughts on a Railway System for Saxony*. This pamphlet contains a map which, as Miss Hirst says, "is a noteworthy achievement of scientific imagination, for in it List's prophetic hand outlined practically the whole" of the present German railway system," and this "at a time when even England could only show a few isolated railways. And it was largely owing to List's untiring work that before two decades went by the prophecy became an accomplished fact" (p. 76).

The last chapter of the *Life* is entitled "The Economic Teaching of List." It contains some good criticisms of his writings; but we cannot help wishing that Miss Hirst had been able to treat this part of her subject at somewhat greater length. Fuller criticism of List's teaching, however, would perhaps have been difficult without a disproportionate digression into the vexed questions of Protection and Free Trade. List's indebtedness to American writers is well discussed in this chapter. As to this, the conclusion reached by Miss Hirst is "that Hamilton, Raymond, and [Matthew] Carey had a strong positive, and Cooper a strong negative influence upon List's later work" (p. 117). The chapter also contains a good summary of the arguments on both sides of

the disputed question as to H. C. Carey's indebtedness to List.

The selections from List's writings which are included in the book consist of a Petition to the German Federal Assembly on behalf of the Handelsverein, 1819; two very rare pamphlets written in the form of letters to C. J. Ingersoll, entitled *Outlines of American Political Economy*, 1827; an extract from a speech of List's at a dinner given to him by the Pennsylvania Society for the Encouragement of Manufactures, 1827; and the Introduction to the *National System of Political Economy*, omitted in Mr. Lloyd's translation. The Petition and the Introduction Miss Hirst has translated, and she has carefully annotated all the selections. The notes are short, to the point, and seem to be just what are needed; and Miss Hirst has, we think, wisely placed them together at the end of each selection, except in the case of the *Outlines*, where they are placed at the end of each letter. The Petition and the *Outlines of American Political Economy* are interesting historically as showing the gradual development of the theories which were afterwards propounded in the *National System*. Many passages in the *Outlines* appear to correspond closely with Alexander Hamilton's *Report on Domestic Manufactures*, 1791, and many others form the basis of chapters in the *National System*. The pamphlets are not of much value as a contribution to Economic Theory; they are full of repetitions, and contain several not very profound criticisms of Adam Smith and Say. The extract from List's speech, delivered as it was in a foreign tongue, gives a good idea of his extraordinary power and eloquence. The Introduction to the *National System* contains a plan of the work, and is List's own summary of his later theories.

The book contains a well-arranged bibliography and a good index, and should be of value to the student as well as attractive to the general reader.

HENRY S. FURNISS

Outlines of the Economic History of England. By H. O. MEREDITH. (London: Putnams, 1908. Pp. viii + 361.)

MR. MEREDITH has set himself the task of thinking round about the accepted facts of economic history, in order to throw into relief leading principles and causal relationships; and he has succeeded. The book is not for the beginner, as its exterior might lead one to suppose: for him its style is too allusive and at times too technical, its subdivision of the subject-matter probably too

difficult. But the student of history who cares to see things familiar turned about in ingenious and well-trained hands, or the economist short of time to cope with the mass of historical learning yet anxious to grasp essentials, will welcome it. For the detail is interesting, the argument penetrating, and the general surveys which precede the four sections into which the whole is made to fall are, within their chosen limits, really admirable.

Mr. Meredith is delightfully lacking in respect for some of the idols of the historian or the economic systematiser of history. He does not expect to find in a Roman essayist, with a taste for epigram, satisfactory accounts of the agrarian arrangements of barbarians whom that essayist had never seen (p. 6). He does not think that in the fifteenth or any other century man became suddenly infected with a fresh selfishness (p. 84). He very rightly points out that the haphazard economic legislation of the later Middle Ages "was neither essentially 'mercantile' nor particularly systematic in any usual sense of those words" (p. 105). As a warning against that temptation of the modern historical school to bless each and all of the regulations of a past age on the ground that "they were suited to their time," he reminds us that "practical men are no more infallible than economists" (p. 127).

The book shows, naturally enough, a sustained interest in the socialistic conception of economic evolution; but the interest is sober and judicial. An excellent chapter on the "Genesis of Capitalism" starts from Sombart's contention that urban ground rents were the main source of the early accumulations of capital. The proposition is rejected, or at least rendered suspect, with the reminder that "the whole tenor of mediæval town regulation seems unintelligible except on the assumption that then, as now, some men earned more than others and used this surplus as a groundwork for rising" (p. 145). It is well that Sombart, who now appears for the first time in an English text-book, should have so discriminating an introduction. When we come to the nineteenth century we are warned against the "real danger" of exaggerating the amount of industrial concentration. Reference is made to American statistics (p. 276). It might have been well also to refer to those German statistics which, in Bernstein's hands, have done so much to damage the reputation of Marx as a prophet.

In places, particularly in the earlier chapters, where Mr. Meredith seems hardly as yet to have visualised his representative reader, rather much is required of one. There are serious economists who may not be so perfectly familiar with Meitzen's *Siedelung und*

Agrarwesen as the references to it on p. 3 seem to require. No doubt legal historians will fully grasp the significance of "the popularity of the assize of novel disseisin" (p. 36), just as those who know their Maitland will appreciate the reference to that monstrous "semibos" of which a single specimen is recorded in Domesday (p. 37). But, as they stand, in a book of this scale such passages are a trifle obscure.

Up and down the book, too, are to be found sections that would have been improved by more frequent reference to original sources and sweeping statements that suggest a query. There is a slight blemish of fact in the otherwise admirable discussion of the old problem of merchant and craft gild. Is it quite certain that "at the Norman Conquest the hide in most parts of England had come to mean 120 acre strips"? Do the reports of the inquiry of 1517 "fully bear out the impression made upon contemporaries by the transition" from the old to the new agrarian system? My own opinion is that that is just what they do not do; that there was far more smoke than fire, even if one takes Mr. Gay's and not Mr. Leadam's interpretation of the 1517 figures. And in discussing the matter reference at least might have been made to Mr. Leadam's contention that the evicted were usually tenants at will, not customary tenants. Again, I am tempted to query Mr. Meredith's verbatim repetition of Professor Ashley's view that—in the fourteenth century—"in each trade or craft, if it occupied only a score of men, a separate organisation existed, whose officers drafted regulations for their mystery" (p. 125). Mr. and Mrs. Webb have recently thrown fresh doubt on the universality of gild organisation, and there is that often quoted, but, as I think, inadequately appreciated, preamble to the statute of 3 Edward IV., "in every city, town, borough, and village, where any such craft or mystery is used or occupied, where no such masters nor wardens of any such craft or mystery be. . . ." But these are matters where there is room for difference of opinion, possible mistakes in connection with which are not much more serious than a fascinating misprint on p. 245: Bakewell's "greatest success was with sleep."

Less venial are such statements as that, in the period 1066—1272, the three-field system was the "most common" (p. 34). Maitland inclined to the very reverse view; and just now even beginners need warning against the easy symmetry of those three fields. The taking and even the lending of deposits by goldsmiths is heard of before 1640, the date which Mr. Meredith sees "no good reason to doubt" marks the beginning of those practices. That "the success of British arms during the Seven Years' War

must have advanced the Industrial Revolution by half-a-century" (p. 189) is an extraordinarily disputable statement, though it certainly serves to enforce the connection between extended markets and industrial progress.

It is unfortunate, too, that Mr. Meredith's references to the agrarian history of the seventeenth and early eighteenth centuries tend—though I am not quite sure that this is deliberate—to stereotype the mistaken notions that enclosure was unimportant during that age, and that its accelerated progress under the Georges may be gauged by the number of enclosure bills. "The open fields which had survived the revolution between 1450 and 1600, in most cases resisted successfully the minor economic momenta which attacked them down to 1760" (p. 43). "The general course of the movement may be tracked by the number of enclosure acts passed in each decade. From 1720 to 1760 the number increases slowly," &c. (p. 255). Mr. Slater has shown that the bills are not a test at all. They may and do merely indicate a changed method. Mr. Slater's and Miss Leonard's work has proved that the late seventeenth century was the great age of common field enclosure in Durham. There is a great deal of trustworthy evidence for enclosure from other districts. The Scotch General Enclosure Act of 1695 is most significant. Altogether there is plenty of foundation for the opinion current, again as Mr. Slater shows, about the year 1730 that the period since the close of the Civil War had been one of considerable enclosing activity.

Mr. Meredith's treatment of the nineteenth century shows distinct traces of the influence of Professor Dicey's *Law and Public Opinion*. There could be no better influence, and it is not a case of "boiling down" but of wholesome assimilation. The book, in short, is good. I have dwelt on some of its limitations because it is likely to remain for a time the short text-book of English economic history most provocative of thought. There is no need to be on one's guard against the limitations of bad or dull books.

J. H. CLAPHAM

The Gilds and Companies of London. By GEORGE UNWIN.
(London: Methuen and Co., 1908.)

AN apology is due to Mr. Unwin from the writer for a regrettable delay in reviewing this valuable contribution to the *Antiquary's Books*. Here we get in more or less popular form the results of many years' investigation into the continuous organic development of the London gilds from the earliest down

to quite recent days. Following in the steps of Brentano and Dr. Gross, Mr. Unwin may be said to deserve the praise which he bestows upon Dr. Gross, for he, too, can bring to the interpretation of a wide range of English records a mind stored with the results of Continental learning. The volume belongs to a series designed for an intelligent general public, to whom it will appeal as throwing light upon many an interesting and unfamiliar piece of civic history. It will be quite as much appreciated by the student, who realises perhaps more completely the thorough and exhaustive investigations which underlie the results presented, though, owing to the character of the series, references are necessarily less conspicuous than in the ordinary professional treatise. A mere glance at the appendices will bear out this view, and future workers will find the full list of sources invaluable as a guide to the history of special companies. The subject necessarily covers much ground, and includes so much social, constitutional, and economic matter that it is impossible to deal with details in a review. Gild life and interests included various aspects of religious, social, and industrial activity, and these receive detailed treatment in connection with the different forms of voluntary association found in London. The early social gilds, the craft gilds, the greater and lesser mysteries, the incorporated Livery Company, the yeomanry organisation, together with the fraternities commonly attached to all sorts of associations, all played a part in the development of London life, and led to conflicts between different interests. The Confederation of Rectors, which Mr. Unwin describes from papers left by Miss Bateson, shows how universal was the practice of association, when rectors combined to protect their interests against curates (who apparently also possessed gilds) and apparitors, and against the injustice of archdeacons. The mediæval caucus, the alien problem, the conflict between master craftsmen and journeymen wage-earners, between native and foreign merchants, and between importers and exporters, the rise of journeymen organisations, the evolution of the Livery Company, the social and religious pageant, are all points upon which much light is thrown. Mr. Unwin sketches once more the effects of industrial expansion under the Tudors and of monopoly under the Stuarts, and notes the increasing divergence of interest between the capitalist employer and the incorporations of small masters, whose rise he described in an earlier book. He shows clearly that the yeomanry organisation was gradually transformed from a prohibited association of journeymen into a recognised but subordinate branch of the Livery Com-

pany by the close of the fifteenth century, and that a century later it was made up largely of small employers and traders, and had come to include the main body of freemen outside the livery. As such it was of considerable importance during the seventeenth century. No attempt is made to connect the modern trade union directly with the earlier forms of voluntary association, though the journeymen's clubs may well have served as examples.

The points thus briefly indicated may, it is hoped, give some idea of the varied interest of this latest addition to London gild history, in which Mr. Unwin meets the requirements of a general series without any sacrifice of scholarly thoroughness.

ELLEN A. MCARTHUR

The King's Customs. An Account of Maritime Revenue and Contraband Traffic in England, Scotland, and Ireland, from the Earliest Times to the Year 1800. By HENRY ALTON and HENRY HURST HOLLAND. (London: Murray, 1908. Pp. xii + 489. 10s. 6d. net.)

THIS book is a disappointing one. From its title it might be assumed that one of the great gaps in our history was going to be filled, and that we should find in the volume, compiled as it is by two officers in the Customs Service, a succinct account of the administration of one of the most important branches of the royal revenue. It is, as a matter of fact, a series of disconnected jottings on what the authors consider to be points of interest with regard to the Customs, and there is no connected narrative at all. The book is intended to be "popular," but the mass of isolated, undigested facts would hopelessly bewilder the popular reader as to the course of historical development; while, on the other hand, the book is useless to the scientific historian, lacking, as it does, proper references, and being in many places inaccurate in statement. One defect is the number of parentheses. They are to be found on almost every page, and in many cases seem to be totally irrelevant, and always bad in style. For instance, on pp. 85-86 there is one parenthesis of sixteen lines, dealing with many subjects, such as tobacco pre-emption, the exporting of hounds and beagles, the Merchant Adventurers and their power of levying fees.

Sentences like the following (p. 122) are inadmissible even in a "popular" book on the King's Customs:—"It is doubtful whether at this point Pepys did not become muddled—perhaps his own record of the argument was not correctly stated—but *the old slyboots*¹ dismissed them with the pregnant remark," &c.;

¹ Italics are reviewer's.

and, again, "He worried Pepys *a deal*¹ with figures, yet to the end *Samuel*¹ held him a good man."

The lack of dates increases the vagueness so noticeable in the work. Constantly we get statements that "an Act was passed," and nothing to say when except that, for example, when turning back several pages one finds the chapter headed 1422—1603. For instance, we are told on p. 55 that "an Act was passed prohibiting the exportation of horses"; no date or reference is furnished, and this might have occurred any time in two hundred years.

There is, it is true, a list of statutes at the end of each chapter, but it is impossible to tell from a list of, for example, twenty-four Acts (p. 71) grouped together under such a wide heading as "Protective Measures and Prohibitions," which statutes and which clauses are referred to previously.

The history of the Scottish revenue is, again, very defective. The authors quote the preamble of a statute (p. 160) appointing commissioners in 1604 to settle the trade relations between England and Scotland. Nothing is said as to whether anything was effected or what the customs relations between the two countries were after the personal union. No one could gather from the account of the Scotch Customs in this book that there was free trade between England and Scotland after 1604; that there was an assimilation of the tariff systems of the two countries under the Protectorate; that in 1660 Scotland was treated as a foreign country, and the free trade relations broken off; that the Scotch retaliated, with the result that a tariff war ensued until the English, unable in these circumstances to control the subsequent development of Scotch trade, absorbed Scotland in 1707, so as to round off the English protective system. There is not a word of all these vital events in an account purporting expressly to deal with the Scotch Customs revenue.

It is a pity that the "illustrative documents" in the appendix are not authenticated in the majority of cases by any reference to the place from which they are derived.

Enough has been said to show that the book is unfortunately of little value to the economic student.

LILIAN KNOWLES.

The Industrial System. By J. A. HOBSON. (London: Longmans, Green, and Co., 1909. Pp. 328.)

MR. HOBSON'S latest book presents a very complete analysis of distribution, undertaken with the object of discovering how

¹ Italics are reviewer's.

far the existing distribution consists of payments to owners of factors of production which are necessary payments, and how far it consists of payments which must be called surpluses. This distinction between "costs" and "surpluses" depends upon the reaction of each set of payments upon the productive system of industry; Mr. Hobson therefore begins with an account of this system as a single organic whole, made up of numerous small systems or wholes; and his first six chapters contain a very lucid presentation of the system of modern industry written in a way which will probably be far more enlightening to beginners than any ordinary text-book. The meaning and functions of wages, profits, rent, and interest emerge clearly and naturally, without technicalities, and the whole treatment is concrete and vivid. One is tempted to wish that this treatment had been extended to form a separate volume.

But, this part of his task completed, the author goes on to establish the very difficult position that there is a fundamental distinction between costs, or necessary payments for the use of each factor of production, and surpluses, or payments which are not necessary to maintain the current output of productive energy. And the conclusion reached is this: that in regard to three of the four factors—labour, capital, and managing ability—the payments are always necessary payments in part, and may be wholly so; but that the owners of any one of these factors may, and often do, obtain a payment in excess of what is necessary, in accordance with the "economic pull" they may be able to exercise by reason of some monopoly. This excess or surplus need not be unproductive; it is productive if it brings into use more or better labour or capital or ability. It is unproductive when it does not tend to evoke a fuller or better production of the factors.

But economic rent, or the payment made for the use of land, is all surplus and all unproductive.

Now the unproductive surplus, or unearned income, is the clue to industrial maladies: it represents the failure of the competitive system to compete. And clearly, as it is both a surplus and unproductive, it is the only properly taxable body—for any tax which falls upon that income which is either a cost of production or a productive surplus encroaches on the fund of maintenance or progress, thus reducing the future efficiency of industry. If the State can discover the forms and amounts of the unproductive surplus, it may safely secure as much of it as it needs for the development of public services.

Mr. Hobson leads up by a series of very shrewd arguments to

the conclusion thus briefly summarised, and his analysis of industrial and financial processes is often illuminating and valuable. But the question has to be asked : Do the arguments establish the conclusion? In order to reach a clear conception of the payments made for the use of each factor, it is necessary to adopt a unitary method of measuring the industrial or productive power of any factor or part of a factor. Thus, instead of taking rent per acre of land, or wages per hour of labour, we analyse rent and wages into payments for so many units of productive power—more or less according to the quality or productive capacity. Incidentally, this leads to a rejection of the theory of “margins”; each separate industrial system, such as a farm or a factory, is an organic body made up of a combination of certain numbers of units of productive power of each of the four necessary kinds—so many units of land, so many of capital, &c. And in such a system all the units of each kind are of equal importance, none counting for more than any other. This abandonment of part of the theory of margins, of course, follows naturally from the treatment of industry and its component parts as organic wholes, and it is supported by some very pertinent criticism of Prof. J. B. Clark’s “essential” doctrines.

But the unitary method of measuring has more important consequences. It compels us to regard rent as a necessary payment for so many units of productive power of a particular kind—such payment, of course, entering into expenses of production, and affecting price, just as much as any other necessary cost. Rent, therefore, is *not* a “surplus” at all, but a necessary payment or cost, which must be paid in order to obtain so many units of productive power contained in a number of acres of land of a certain quality. The fact that land is limited and that the owners of certain qualities of land have a monopoly does not affect the matter. I must pay a high rent for an acre of site in the City or of corn-land in Middlesex, because each contains more units of productive power than an acre of site in the suburbs or of corn-land in Norfolk. And, as we all know, the fact that land is owned by a limited number of landlords makes not the least difference to the matter; the high rent is a necessary payment simply because the quantity of productive power which the land contains is very great as compared with other available land.

Further, not only is it not a surplus, but also it is not all unproductive. True, high rents do not increase the City area, any more than very high payments increase the available quantities of some kinds of special ability. But high rents paid for most kinds of

land do "evoke an increase" of such land, in the sense that only by paying more can you bring more into the market.

It would seem, therefore, that the method of analysis adopted by Mr. Hobson does not lead to the establishment of a very important part of his conclusion. Does it really carry us beyond this : that every payment actually made for the use of each unit of productive power of every sort is a necessary payment ; that in some cases these payments have a direct and very important effect upon the increase or decrease of units available for production, in other cases far less so, or not at all? If we can discover the latter, we have a *prima facie* justification for taxing them. But the discovery is a matter of great difficulty in all cases, except that of certain kinds of land or sites. In the case of much land it is certain that a rise in the price paid for a particular quality, representing so many units of productive power, does react upon industry by bringing into use or diverting from other uses new land of the required kind. In the case of labour, a rise of wages has not only this effect, but usually also the additional one of leading to increased productivity of the actual labour concerned. In the case of wages, therefore, a temporary surplus is often productive in a deeper sense than a surplus paid to owners of land ; in the case of interest and profits, the same may hold good, though by no means always. As a sound principle of taxation, one needs to discover the payments which may be taxed without affecting these reactions upon the industrial system. It is probably true that rent falls most certainly under this head ; but this is not because it is a surplus or unproductive, but because the reaction of high rents (*i.e.*, the consequent supply of material to the industrial system) is of one kind only, and is very little affected by the scale of payment made. Smaller receipts in the form of rent by landlords would not lead to a diminution of the land-units available for use in the industrial system, but lower wages certainly would diminish the number of labour-units (by lowering the quality of labour), and lower interest and profits might lead to a diminution of available capital and managing ability.

E. J. URWICK

Natural Monopolies in Relation to Social Democracy. By CHARLES DERWENT SMITH. (London : A. C. Fifield. Pp. 159. 2s. 6d. net.)

It was to be expected that Mr. Mallock's *Critical Examination of Socialism* would call forth a number of replies. Mr. Derwent

Smith has written one of the ablest of them. His book is a running commentary on Mr. Mallock's main positions. It is valuable as correcting some of the assumptions and revealing some of the confusions in Mr. Mallock's argument, especially the implication that the distribution of income and of ability coincide. Mr. Mallock laid great stress on the function of "directive ability" in wealth-production, but he nowhere clearly defined what was and what was not included in the term. If the definition he does give were taken quite strictly, "it would include only persons possessed not only of the power to co-ordinate the labour of others, but also of the power of conveying their instructions by telepathy." The most useful part of Mr. Derwent Smith's book is its analysis of the two kinds of ability and of their relation to labour. "These are managerial ability, or the co-ordination of manual labour, which is properly a part of labour, and is concerned in production; and original ability, which is not labour, and is not concerned in production. The function of original ability is not to produce but to create the possibility of increased production." This distinction is worked out with much skill, as is also the difference between the attitude of the State and that of a private capitalist towards an invention. Later chapters discuss the questions: how the needful stimulus is to be applied to the originators, in what sense equality of opportunity can be made real, and in what way the control of officials can be made effective in a Socialist State. On all these Mr. Smith makes many acute observations. He is a good-humoured controversialist, and his book is pleasantly free from padding and from personalities. He has made a useful contribution to the discussion of ability and its remuneration.

THOMAS JONES

Ferdinand Lassalle und seine Bedeutung für die deutsche Sozialdemokratie. By BERNHARD HARMS. (Jena : Gustav Fischer. Pp. 128.)

THIS brief discussion of Lassalle's position is an attack on the ideals of Social Democracy. Lassalle, according to Professor Harms, showed forty-five years ago the lines on which the German Labour Party is at last ready to develop. Bismarck thought him "one of the ablest and most lovable men" whom he had ever met, and admitted that they had common ground in their hopes for the establishment of the Empire; and Lassalle, in the last months of his life, belied all his revolutionary utterances by

his overtures to Bismarck. This mutual regard between the Chancellor and Socialist, incongruous though it might appear, Dr. Harms considers a model for present labour leaders. If "labour" is to be a real force in national politics, it must shake itself free from Social Democracy, and go back to the ideals of Lassalle, the "State Socialist and practical politician," rather than to those of the cosmopolitan Marx. The party of the future must work with rather than against the State, and must be "national" and patriotic, militarist and loyal to the Empire. For the working-man, as he very sensibly points out, can hardly be cosmopolitan when there is keen foreign competition in workers and goods; nor is he enamoured of democratic equality within his own so-called class; nor is he likely to gain much from a placid expectation of the "inevitable" breakdown of Capitalism. A really comprehensive Labour Party must be practical, if necessary, opportunist; it must not talk of Socialism in the immediate future, but accept and utilise palliatives, even as Lassalle indicated. (In fact, its attitude must be very much that of its prototype in England.)

It is from this point of view that we are called on to admire Lassalle, the practical politician, relying on State help. As to the personal character of the man, it has been said by turns that he was a mere opportunist, or a noisy populariser of other men's views. Dr. Harms defends him from either charge, and tells again the tale of his tempestuous life to prove that the change of the last two years of his life was deliberate. He had outgrown the immediate influence of Marx, and decided that progress was only to be won by taking part in politics. His biographer gives no great space to his rather incoherent economic views, and contents himself with re-stating the iron law of wages in a modernised form, which, however, is nearly as pessimistic as the original version. "The State is the Poor Man's Friend" is the idea with which he is obsessed; it is the working-man's "only hope in the poverty of his present existence," an interpretation of Lassalle's views for which it does not appear difficult to secure present support.

C. V. BUTLER

Höhere Arbeitsintensität bei kürzerer Arbeitszeit, ihre personalen und technisch-sachlichen Voraussetzungen. By ERNST BERNHARD. (Leipzig: Duncker und Humblot, 1909. Pp. x+94.)

THIS is volume 138 of Schmoller and Sering's *Staats- und sozialwissenschaftliche Forschungen*, and deals with the question of obtaining a greater output in shorter hours of work. The author

regards the shortening of the working day as a great step forward in improving the condition of the labouring population, and he makes out a very good case for his thesis. The book is full of information concerning the two industries to which the author has limited himself—textiles and engineering—and his facts are supported by official statistics. Above all, his methodical arrangement is to be commended. The author's scheme is simple enough. He first shows that in the generality of cases the shortening of the working day has resulted in a greater output. He then considers the internal economies that are necessary, and mentions three—(1) to shorten the intervals during the day, (2) to put more machines in the charge of one man, and (3) to give more attention to details, such as having the right man and the right commodities in the right place, or having airy and well-lighted factories. Incidentally he considers the question of the physical and moral effects of intenser work on the worker, of the economy of muscular effort, and of the influence of the worker on the productivity of the machine. The author extends his considerations to conditions in Germany, England, and the United States. Altogether a useful little book, which sums up a great deal of research.

M. EPSTEIN

Arbeit und Armut. By Dr. ANTON VON KOSTANECKI. (Freiburg im Breisgau: Herdersche Verlagshandlung, 1909. Pp. vi+210.)

THERE is no doubt that a great change has come and is coming about in the generally accepted views on poverty and its relation to labour, and Prof. von Kostanecki has rendered a great service by tracing the change historically. He calls his book a contribution to the study of the development of social ideas, and we can only say that it is a most interesting contribution.

It was in his consideration of Ricardo's Theory of Wages that the author conceived the idea of the book. He gradually began to realise that Ricardo's theory could be explained satisfactorily only by reference to the influence of the English poor-laws on wages; that, indeed, Ricardo himself held that wages were vitally affected by poor relief. The thought then suggested itself: What views have been held in the past concerning the influence of poor relief on payment for labour?

He traces the history of this question in England, referring both to legislation upon it and to theoretic speculation, and he divides off four distinct periods. The first corresponds roughly to the seventeenth century, and the prevailing views were expressed by

Manley, Petty, and Locke. They all agree that wages are low and are not likely to rise, and, therefore, since they are not sufficient to maintain the labourer, he must depend on poor relief or on charity.

In the second period, which includes the eighteenth century, he examines the opinions of Mandeville, Berkeley, Fielding, and Steuart, and comes to the conclusion that here quite a different point of view prevails. All the thinkers of the period regard poverty and industry not as influencing each other, but as independent; the two standing on the same plane. They hold that the necessities of society must be produced by labour; that in the earliest history of mankind it was slave-labour that was predominant, and that in the latest, free industry comes about. But between the two, before the earlier has developed into the later kind of labour, poor relief steps in and helps the labourer to exist.

The third period, which extends to about the middle of the nineteenth century, was dominated by Ricardo. It is here beginning to be felt that poor relief was not a good thing but an evil. For the price of labour depended on the relation between supply and demand. "If," in the words of Ricardo, "the supply of labour were greater than could be employed, then the people must be miserable. But the people had the remedy in their own hands." All that was necessary was to exercise a little prudence, and this they would do if it were not for the evil influence of poor relief.

Dr. von Kostanecki calls the fourth and last period the modern period, and distinguishes it by the desire of removing poverty altogether and raising the standard of life among the labouring population. In this last section the author has much that is interesting concerning the term "proletariat," just as in the first section he considers the vicissitudes in the meaning of the word "poor." He shows, for example, that in the earliest labour statutes we find the expression "poor labourers"; that this became later "the poor"—used not as an adjective but as a substantive; and that in the eighteenth century this again was succeeded by the term "labouring poor." Not content with going through the early Statutes of Labourers, the author traces the expressions we have quoted to the mediæval schoolmen. By no means the least interesting parts of the book are the definitions of the term "poor" current in different periods.

The subject with which the book deals is fairly limited, but the book is a mine of information on it. The author has gone through a great mass of material, and to good purpose. He states his opinions clearly and to the point, and supports them by

numerous references to his authorities. An excellent characteristic of the book is that it gives quotations in full. These will be found most interesting and suggestive. They add considerably to the value of the book, which may be heartily recommended to all those who are interested in the history of the poor law in England.

M. EPSTEIN

Die Weltwirtschaft: Ein Jahr- und Lesebuch. Herausgegeben von E. VON HALLE. (III. Jahrgang, 1908. I. and II. Teil.)

THIS year-book continues to justify its existence. The information appears accurate, and is in general as nearly up-to-date as circumstances allow, and the descriptive and explanatory articles are written by well-informed authorities. The actual meaning of the statistical history of 1907 cannot be understood for some years hence, when prices have settled down to a permanent level, and we know how far the ebb of foreign trade will neutralise the flow that culminated in that year.

We notice that Mr. Hooker, in the paper read in May to the Royal Statistical Society, has stated more recent figures for live-stock than those in the table Teil I., p. 24, where the data for Hungary are thirteen years old. Continual care will be necessary to include the most modern estimates, if the use of the year-book as a handy place of reference for existing international statistics is to be preserved. For example, some statistics exist (and others will soon be added) of dairy and poultry produce, and these should find a place in the agricultural statistics. We have also looked in vain for the world's production of cotton and of wool. The year-book is incomplete in working-class (occupation and wage) statistics, though there are articles on legislation affecting the working classes the world over, and a special account of the German labour market. We regret that it has been necessary to increase the size of the page of the publication.

A. L. BOWLEY

NOTES AND MEMORANDA

VOICES FROM THE INDIAN UP-COUNTRY : BANKING AND MONEY-LENDING.

THROUGHOUT this essay the term "banking" is used in its most general possible sense. It may be contended that the term is a misnomer when applied to a system under which the "banker" is generally a lender as distinct from a borrower. The term has become so inextricably interwoven with the idea of deposit banking, and more recently, since the decadence of the private banker, with the idea of Joint Stock banking, that it is not easy to at once grasp the fact that it has not always been used in these special meanings, but has been employed to connote a much wider range of ideas. Not the least remarkable example of a special meaning attaching to a word of general application is afforded by the history of American banking and the common parlance of American financiers of the first half of the nineteenth century, who for many years regarded the business of issuing private notes as the cardinal idea conveyed by the term "banking." We shall in the succeeding pages often employ the terms "banker" and "banking" to include "money-lender" and "money-lending" respectively.

Before attempting to enumerate the main characteristics which serve to distinguish Indian from European and American banking, it would be as well to start with a summary review of the more prominent incidents of the former. The description outlined below is based on information elicited in the Province of Bengal alone. It is not unlikely that some modifications are necessary before the description can be considered literally applicable to the conditions prevalent in other parts of India. The description will, however, it is hoped, serve the purpose of indicating the main and essential differences between the Eastern and Western systems of banking. It includes an enumeration of the various classes of lenders and borrowers, creditors and debtors;

the different kinds of money transactions in which they figure as contracting parties; together with a *résumé* of the rates of interest and the factors which determine those rates in each kind of transaction, and the various kinds of security commonly accepted.

The lenders may be classified under four headings: (1) Bankers. These are the *Omichunds* of Bengal. Most of them are in reality only large money-lenders, but we have set out with the intention of calling them bankers, a nomenclature which is also in accordance with the now generally accepted usage of terms among both Indians and Anglo-Indians. This class represents the highest development of indigenous Indian banking. They are in Bengal chiefly wealthy *Marwaris*.

(2) Ordinary money-lenders. This class consists of the ordinary *Marwaris* and *Baniyas*. In the latter category many inferior castes are represented. This class is found in strength in every big bazaar. They are generally, almost invariably, traders, shopkeepers, or cloth merchants. Their business is of the most diversified kind. Money-lending is carried on as an adjunct to their general business, as soon as the latter yields a sufficient surplus to enable the trader or shopkeeper to indulge in the lucrative and attractive pastime of financing other people.

(3) Well-to-do *raiya*s. These are now taking to financing their poorer brethren. In parts of Bengal, particularly in Behar, the *raiya*, or cultivator, is getting very prosperous. But he is also improvident to a degree, and always liable to fall into the clutches of the professional money-lender. The more provident *raiya* has stepped in to save the situation, and is now gradually cutting the ground from beneath the feet of the regular *mahajan*.¹

(4) *Moghals* and *Pathans*. These deal generally in small loans, and the borrowers are usually small people on fixed pay.

The incidents of banking depend very much on the amount of the loan. If a borrower wants a large sum of money he invariably goes to a banker or big *mahajan*, a member of our first class of lenders. These alone deal in the larger business, the financing of impecunious landholders. They advance large sums on the mortgage of landed properties, the rate of interest varying according to circumstances from 6 per cent. to 24 per cent. per annum. A great deal of their business is transacted at rates between 6 per cent. and 12 per cent. If the loan be on a usufructuary mortgage, the rate of interest rarely or ever exceeds 9 per cent.

It is not generally considered worth while lending large sums

¹ Literally "big man": the word is loosely applied to anyone who goes in for money-lending.

of money unless the value of the security is at least double that of the loan; and though some loans are effected on a smaller security, the interest is fixed at a higher figure. A certain strictly limited amount of business is done, of course, on the best security, at the rate of 6 per cent., though, curiously enough, Court of Wards' estates find it difficult to raise money at that rate.¹ Calcutta firms, again, will not touch property in the *Mofassal*² if they can possibly avoid it. They naturally fight shy of the intricacies of the law as administered in the civil courts, and there is nothing they view with more misgiving than the prospect of having to foreclose on a mortgage and appointing a manager in the *Mofassal*. The local Indian bankers have thus a practical monopoly of all the larger money-lending business, and their operations may extend over several districts.

The operations of the two next classes of lenders—the ordinary *Marwaris* and *Baniyas* and the well-to-do *raiyyat*—are confined to much smaller sums of money and to much smaller areas: to one small town or to a few villages, or more often to a single village. The principal borrower is the *raiyyat*.

Although in the village a great deal of borrowing is undoubtedly due to improvidence, still we would do well to remember that the Indian villager, be he cultivator, shopkeeper, or mechanic, is by nature a borrower by reason of the fact that he is himself a capitalist. The *raiyyat*, almost a peasant proprietor in the European sense, is the owner of his own plough cattle, his slender stock of agricultural instruments, his seed for the coming sowing. If he is both fortunate and provident, he will become independent of outside assistance, and, with a surplus of capital, may find himself in a position to finance his less fortunate or less provident co-villagers.

The ordinary *raiyyat* combines in his person the functions of capitalist, *entrepreneur*, and, to a qualified extent, labourer. As a capitalist he has to bear the brunt of all the fluctuations to which capital is subject in a country where agriculture is dependent on a regular rain-supply at certain definite seasons of the year. At any time his harvest may fail, and he may be driven to borrow to recoup the losses in his capital. Even under normal conditions he is often dependent on a regular supply of capital, and in this respect the village money-lender performs as necessary functions

¹ The writer has come across a few instances of loans of large sums made on usufructuary mortgages of good villages at rates so low as 4½ and 5 per cent., but he believes these cases to be exceptional.

² *Mofassal* means the up-country parts as distinct from the big Presidency towns.

as the village *Brahman* or the village barber. He is, in fact, part and parcel of the village polity.

Formerly money was lent by the village *Baniya* within the village, and a running account was kept, which was balanced yearly at the close of the village year. Nowadays the custom has crept in of lending money more and more on regular bonds and mortgage deeds. Loans or bonds are, however, confined to men of some substance. The man of straw cannot borrow on a simple bond. It is the small *zamindar*, or well-to-do *raiyat*, requiring a moderate sum—say, anything from Rs. 50 to Rs. 500¹—who can procure it from the local *mahajan* or *Baniya* by executing a simple bond or note of hand, without actually hypothecating any property. The rate of interest on a transaction of this nature varies from 12 per cent. to 24 per cent. *per annum*, according to the reputation of the borrower, and occasionally rises as high as 36 per cent., though such high rates are not common.

Those who enjoy a less favourable degree of credit in the village have to execute mortgage bonds. With the increase in mortgage transactions which has attended the marked increase in the value of land tenure there has appeared a gradual tendency for the operations of the village *mahajan* to overstep the boundaries of the village. This tendency has been more pronounced where the well-off *raiyat* has come to the fore as the financier of his less prosperous brethren. He has to some extent undermined the true village character of the older village money-lender. The interests of the latter have become less focussed in the village itself, and his views have become more cosmopolitan as he has found himself ousted from a part of his heritage.

The different kinds of mortgage are legion. We may, of course, at once classify them under two broad heads—ordinary mortgage and usufructuary mortgage. In the case of ordinary mortgage without possession the rate of interest on village loans such as we are at present considering varies from 12 per cent. to 24 per cent. *per annum*, the security being the *raiyat's* holding.

Ordinary usufructuary mortgage is well represented by what is known in Behar as *sudbharna*. The essential part of the transaction is that the borrower makes over specified immovable property to his banker or *mahajan* in consideration of receiving a loan on the understanding that the latter shall realise his interest by enjoying the full usufruct of the mortgaged property so long as the principal remains unpaid. The property mortgaged may be a fraction of a small *raiyati* holding in the case of a petty cultivator,

¹ If exchange be taken at 1s. 4d. per super, Rs. 100 represents £6 13s. 4d.

or it may consist of an estate of several whole villages in the case of a landlord debtor. Where *raiya*ti holdings are mortgaged the *mahajan* sometimes allows the *raiya*t to continue cultivating the land on a produce rent.

There is a variation of *sudbharna* known commonly as *zarpeshgi*. The main distinguishing feature consists in the fact that under the *zarpeshgi* mortgage any surplus proceeds over and above the stipulated interest go back to the mortgagor; whereas under ordinary *sudbharna* the mortgagee appropriates any surplus. In *zarpeshgi* a term is often fixed within which it is not permissible to repay the principal.

A very interesting species of mortgage much in favour among the indigo planters of Behar is that known as the *sattuwa-pattuwa* system. The principles involved are those of the ordinary sinking fund. The essential feature of the system is that the loan is repaid in equal instalments year by year. The interest is first deducted, and the balance of the instalment goes to liquidate the principal. This process goes on yearly until the principal becomes liquidated altogether, when the transaction is terminated, and the property becomes free from mortgage. The probable annual average net yield of the property mortgaged is settled beforehand. In case the mortgagor is allowed to retain possession of the mortgaged property, as is sometimes done, this is the sum which will have to be paid yearly; but in cases of true usufructuary mortgage, where the mortgagee actually enters on possession, the mortgagee appropriates any unexpected surplus, though he does not render himself liable to bear any undeserved loss, because he may always bring a suit to recover the amount by which the proceeds of the land fall short of the interest at the stipulated rate. An account is generally made out beforehand, and adhered to throughout the transaction.

The usual rate of interest in these cases is 12 per cent. *per annum*, but some indigo factories are satisfied with as low a rate as 9 per cent. It is the most common system on which factories lend money in Behar, but it is not much in favour with the ordinary village money-lender, as his capital comes in too soon. Factories also find that they cannot get the full rate of interest on the whole of their loanable funds, as under the system some capital must necessarily be lying idle for considerable periods at a time. The system is in many ways an interesting one, and very fair to the debtor.

This brief description of the village type of banking would not be complete without a reference to the systems of banking in kind.

A common method of doing business is to lend cash just before the time of sowing of a crop, and to take payment in grain when the crop is harvested at the market rate then prevalent, plus five seers (i.e., about ten pounds) of grain for every rupee of cash lent. For example, a cultivator will borrow Rs. 20 in October for the purchase of seed. In March, after the harvesting of the winter crop, he will repay the loan, in the form, say, of wheat, to his banker to the value of Rs. 20 at the ruling market rates prevalent at the time of repayment plus one hundred seers of wheat, representing the interest on the loan.

When grain was selling at thirty seers or more to the rupee the system was perhaps convenient to both parties, but at the present high level of prices it falls very severely on the borrower.

In the more primitive and backward parts of the country, particularly where hills abound and aboriginal tribes exist, as in the Santhal Perganas, in Bengal, we find grain lending and grain banks much in evidence, and grain still continues to some extent to figure as the *medium* of currency. Under the system known as the *sawai*¹ system so much grain is lent before the sowing of a crop to be returned with one quarter added as interest after the reaping of the crop. The *derhi*² system is the same, except that the interest is half instead of a quarter of the principal. If there be any scarcity of grain before the sowing of the new crop the *sawai* system always gives place to the *derhi* system, and the latter is the prevalent system in places like the Santhal Perganas, where a simple and primitive agricultural folk are, but for the provisions of the law of usury, in the hands of a cunning and unprincipled class of money-lenders. In these backward parts even *cent. per cent.* interest is commonly charged on the loan of seed grains.³

A large business is done by ordinary *Marwaris* and *Baniyas* in small loans, e.g., Rs. 100 or less, on no security at all, or on simple personal security. The borrower is generally the landless man, the worker on a fixed wage, the clerk or menial servant, and the labourer or coolie. These can, as a rule, only borrow small sums by agreeing to pay interest at the rate of one anna in the rupee monthly, or, in other words, at 75 per cent. per annum.

¹ *Sawai* means one and a quarter.

² *Derhi* means one and a half.

³ In considering grain loans one has to bear in mind the difference in the price of grain at the time when it is lent and at the time when it is repaid, and also the fact that the grain repaid contains a considerable quantity of moisture. The *cent. per cent.* interest on seed grains is also common in the more "advanced" districts of Bengal, but good seed of a specified kind is given, and ordinary food grains are repaid. Under such circumstances the *cent. per cent.* interest does not appear so iniquitous as it sounds.

There is, as might be expected, a high percentage of bad debts. Compound interest prevails for the most part, though in certain localities, *e.g.*, the Orissa districts, compound interest is rare.

The sum due often becomes enhanced out of all reasonable proportion to the sum originally lent, and the account is made so complex that the illiterate debtor becomes hopelessly confused, and often goes on paying steadily for years without understanding his account. It is no uncommon thing for a man to borrow Rs. 20 and to find that at the end of a couple of years or so, in spite of frequent payments, he is a debtor to the tune of Rs. 200 or 300. The more reasonable money-lender, desirous of maintaining a reputation for fair dealing, will gladly take Rs. 50 and clear the account, but the Shylock is always to be found who will demand his pound of flesh in the shape of the little bit of homestead land, the one ewe lamb, or even the thatch over the head of the debtor's family, and will sometimes succeed in getting it in the courts.

When the courts, acting either in accordance with the express provisions of a usury law or some unwritten local custom, refuse to decree unreasonable rates of interest, it is a common practice to insert in the bond a sum larger than the sum really lent. The extra amount represents a kind of *salaami*¹ which the borrower has to pay for the privilege of being allowed to enter into contractual relations with his money-lender. Numerous other devices are also resorted to in order to evade the provisions of the law where a usury law exists. Nor are these subtleties necessarily confined to the smaller type of dealings. In several cases from the Santhal Perganas which have been brought to the writer's notice a creditor has had inserted in the mortgage deed a clause hypothecating some trifling property, *e.g.*, a small mud hut, possibly existent only in the imagination of the creditor, said to lie just outside the boundary of the Santhal Perganas district, to enable him to evade the stringent usury laws of that district by suing his debtor in the court of the district in which the hut is supposed to lie.

Amongst those who go in for the lending of small sums of money at high rates of interest on personal security we must not omit to mention the *Moghals* and *Pathans*. They are itinerant, but wealthy, pedlars—men who are brought up by their mothers to regard the peaceful plains of India as a regular Tom Tiddler's

¹ *Salaami* is a difficult word to translate. It means in this connection the customary present which, according to Oriental notions, should be made when a man receives a new lease of land, or gets appointed to an office, &c., &c. The gift is made, of course, by the recipient of the favour.

ground. They advance small loans on personal security on what is commonly known as the *kistbandi* system*. The borrower has generally to find one or more sureties. The common rates of interest in vogue are one anna per rupee *per mensem* and two annas per rupee *per mensem*, i.e., 75 per cent. and 150 per cent. *per annum*. The rates really work out to higher figures, because they are compounded, as a rule, at the end of every six months, and sometimes more frequently.

There are always to be found *Marwaris* and jewellers in large villages or small towns who will advance money on the security of ornaments pledged with them. This is simple pawning. The rate of interest varies from 12 per cent. to 18 per cent. *per annum*. Sometimes it is as low as 9 per cent. *per annum*. Even the larger bankers of the first class already described are not above doing business of this kind. It is a common thing to find the big man's poorer relations, financed by the big man himself, doing this pawning business, and also advancing small sums at high rates of interest on indifferent security. In fact, if we except the very largest type of loan, it cannot be said that any system of money-lending is the peculiar prerogative of any particular class.

Having now seen something of the various classes of money-lenders and the systems of money-lending commonly in vogue, we are in a position to attempt the enumeration of the general characteristics which serve to distinguish the Eastern from the Western system of banking.

(a) In the first place, the most pronounced characteristic of Indian banking is its static condition. All the systems are stereotyped more or less by custom. The rates of interest, especially in the smaller type of dealings, are largely ruled by custom, and even in the bigger transactions, independent of all other considerations except the amount of the loan and the nature of the security. The rates are quite independent of the money rates in Calcutta, or Bombay, or any other big place. Still more extraordinary, they are independent, apparently, of the conditions of the local money market. In other words, plentiful money does not necessarily mean cheap money. There is always a great influx of money into any district after the harvesting and sale of the crops. The rates of interest, however, remain unaffected.

(b) In India bankers are for the most part lenders as distinct from borrowers. Deposit banking is only in its infancy. There are, however, indications that a great secular change is in progress in respect of deposit banking.

(c) All Indian banking and money-lending is purely personal in

character. The Indian banker does not ~~care~~^{care} to lend, unless at very high rates of interest, to anyone with whom he is not personally acquainted. He also likes to see what his debtor is doing with his money.

(d) The avocation of banking is always found in combination with other forms of activity, such as land-holding, cultivation, shopkeeping, or trading; and it is mainly from these sources that the surplus funds are derived to be utilised in money-lending. These avocations are also, to a considerable extent, mutually compensatory in respect of money-lending. For example, when, owing to bad harvests, trade is slack, the demand for money is brisk, and it is the money-lender's golden opportunity.

(e) There is often to be discovered an ulterior motive in the lending of money in India.¹ It has become a maxim amongst proprietors that if you want to get hold of your neighbour's land lend him as much money as he will take.

(f) In the case of small loans made at high rates of interest, the principle is invoked of distributing the risk among a numerous *clientèle*. The money-lender is like the English bookmaker at a race meet. The experience of several generations has enabled him to predict substantial profits in spite of a large percentage of defaults. A great deal of this kind of money-lending is in reality robbing Peter to pay Paul.

There is, perhaps, no development of Indian banking so full of interest and so pregnant with possibilities for the future as the movement towards deposit banking as represented by the Co-operative Credit Societies inaugurated during the last few years in Bengal, the United Provinces, the Punjab, Madras, and Burma.

These fall under two categories—Urban Societies and Rural Societies. The former are mostly on the Schulze model. They draw their members from the employes of certain Calcutta firms, Government ministerial officers, and also from artisans and shopkeepers. They are not numerous, and less interesting than the Rural Societies organised on the model of the system originally formulated in Germany by Raiffeisen.

The "bank" embraces as many co-villagers as trust each other to a sufficient extent, each member being responsible under a system of unlimited liability for all the loans contracted by the other members of the society. You must be accepted into such a

¹ It is a curious fact that the existence of an ulterior object in banking should be a feature of the highest industrial and financial development in Germany, Austria, and America. The proper business of banking is often subordinated to the purpose of financing the Cartels, Syndicates, and Trusts which have been formed in those countries.

society before being admitted to the privilege of taking out a loan. The governing body consists of four or five members elected by the association for the period of one year. They receive no remuneration for their services. The system thus possesses many of the advantages inherent in the form of government of the Ancient Roman Republic. Loans are only granted for specific purposes, such as the purchase of seed, the redemption of a mortgage, the buying of a bullock, &c., to be approved by the committee assembled in solemn conclave on the day of full moon. The committee, if it approve the objects of the loan, next proceeds to fix the instalments in which it is to be repaid, and also settles the question of sureties. The accounts, which are in the simplest possible form, are kept by one of the committee.

The rate of interest on loans is fixed for the particular society. In other words, the rate does not vary as between one borrower and another. All who are approved are accepted on equal terms. It is, of course, an essential feature of the system that the rate of interest on loans should be lower than the prevalent rate charged by the local money-lenders. In this fact exists the great attraction of the system for the *raiyat*, who is enabled to borrow money for his more pressing needs at a reasonable rate of simple interest. The system thus brings capital on easy terms to the door of the poorest *raiyat*, who has, perhaps, no more solid material security than the loin-cloth in which he stands. It is necessary, however, that he should have acquired a reputation for honesty in his village—an immaterial asset which counts for much in village life. The bad character and the spendthrift will never be able to obtain a loan, because he will not be trusted sufficiently by his co-villagers, and will be therefore rigorously excluded from the pale of their little society.

The bank pays a fixed rate of interest also on deposits. The rate is, of course, less than the rate on loans, the difference going to build up a reserve. One mistake made in Bengal when the first co-operative credit societies were started there three or four years ago was the fixing of too low rates of interest both on deposits and loans. The result was that while individual societies were ready to take all the money they could get on these easy terms from Government or from philanthropic sources, there was no inducement to anyone approaching the matter from a business point of view to invest his money in the bank; and the system merely afforded a machinery for the distribution of State and philanthropic loans, and remained lacking in all the more vital principles of banking. As soon as this mistake was realised—and it was

pointed out as far back as 1903—an effort was made by fixing higher rates of interest to bring the system more into line with the principles of ordinary *Mofassal* banking and money-lending. At present the rates of interest payable by borrowers are, with one or two exceptions, $12\frac{1}{2}$ per cent. and $18\frac{1}{2}$ per cent., while money is borrowed at rates varying from 12 per cent. to 18 per cent., according to local circumstances and necessity.

The object of raising the rates is, of course, to attract local capital. It is not an essential part of the system that the capital should be subscribed from within the society itself. A good deal of misapprehension appears to exist on this point. The Raiffeisen societies of Europe have, in fact, indented largely for their supplies of capital on the local landholders and merchants. In so far as the lender and the borrower are combined in the same corporate person, we have a clear instance of departure from the traditions of Indian banking, and an approximation to Western methods.

The whole spirit of these small co-operative groups is democratic. It is destructive of the fundamental principles of the system that any one individual should gain such an ascendancy within the group as to be able to impose his will on the other members. Such a society will be in danger of developing into a "one-man show," and confidence will be impaired or altogether destroyed. This is one reason why it has been adopted as a general principle of the system that its offices should be honorary, and—in Aristotelian phrase—filled by election from the whole body of free citizens assembled in one market-place. It has also been recognised that mere size is not in itself a *desideratum*. The members should be drawn from the same residential village or hamlet. It is essential to the success of the system that every member should be personally acquainted with every other member, because he is responsible for his integrity and is ultimately surety for him.

The Indian village is probably unique in respect of the opportunities it affords the villager of watching the affairs of his neighbour. Without going at all out of his way to pry into his private affairs, the villager cannot help knowing all about his neighbour—physically, morally, and materially. The secretive man will not be trusted sufficiently to be accepted into membership. There is thus a very clear limit to the size of these institutions, and beyond that limit development will be but doubtful progress. In other words, the Indian village bank is essentially a micro-organism. Its possibilities in respect of development lie not

so much in the direction of the expansion of individual societies as in the direction of multiplication and co-operative grouping for financial purposes.

Before discussing the potentialities of the system, we would do well to see something of its main incidents and its relation to both Eastern and Western banking. Mr. Gourlay, I.C.S., has given an admirable description of the system in the form of notes of an address prepared for the Industrial Conference, held at Surat in January, 1908. Mr. Gourlay has enumerated the main principles of the Raiffeisen societies under seven heads :--

1. Unlimited liability.
2. Operations restricted to a small area.
3. No shares, and consequently no dividends.
4. No payment for services rendered.
5. Repayment of the loan from the profits or savings effected.
6. An indivisible reserve fund.
7. The moral as well as the material benefit of the members.

Now, it is clear that, so far as the first five heads, and also the seventh, are concerned, the system is at once distinguished from ordinary business enterprises conducted with joint stock capital. Though the system is imported from Europe and transplanted in alien soil, it has many affinities with Eastern ideas and prejudices. It is perhaps in no small measure to this fact that the partial success which has attended the early experiments in these little societies is to be attributed. Take, first, the characteristic of unlimited liability. The principle is at once understood by the Indian cultivator, who is not familiar with any other form of liability. To introduce limited liability would be to introduce a measure of confusion into his mental picture of the new institution, and by just so much to weaken that confidence on which we depend ultimately for success.

We have already seen how the size of the ordinary residential village imposes a natural limit on the area of operation of the institutions. It is a limit which appeals at once to the Indian villager, who is brought up to regard his castemen of the same village as descendants of a single patriarch.

Again, the idea of shares and dividends is altogether beyond the mental horizon of the ordinary cultivator. He would have to be educated up to it. In any case the restriction is a natural one, because the societies in their infancy could not afford to pay dividends, and, even if they could afford to pay dividends, those who held large shares would endeavour to bleed the borrowers so as to make the dividends as high as possible.

The question of non-payment for services rendered has already been touched upon. The principles enumerated under heads 5 and 6 are readily grasped by the simplest villager. As regards the seventh, and last, principle, it suffices to observe that once the members are assured of the material benefits of the scheme, the moral benefits will soon be apparent to all. The cultivator will be to a large extent emancipated from the thralldom of bondage to the village money-lender. The idea, however, is not to abolish the latter altogether, but merely to bring him into line with the new conditions, and, if possible, convert him into a more useful member of society. The better class of money-lender will perhaps find his best interests to lie in dealings with these corporate associations of *raiya*s rather than with individuals.

There will still probably remain a field for the operations of the village *mahajan* on the old lines, because there will always be village spendthrifts, who will not be accepted within the pale of any association. It may be, in fact, that the complete success of the system will involve a paradox—the raising of the rate of interest on ordinary village loans contracted outside the bank. At present the *mahajan* lends to all and sundry, the wise and the foolish, the prudent and the prodigal, at the same rate of interest (so far, at any rate, as small loans are concerned). The thrifty have to pay the bad debts of the thriftless. Under the new *régime* the thrifty would borrow from the *mahajan* still, but through the *medium* of the bank, whereas the residue of the *mahajan's* operations could only be transacted at a much higher rate of interest than obtains at present.

Along with its affinities with Eastern ideas, the system is in one of its incidents essentially Western in character. It provides for true deposit banking. The Indian villager will trust a body of his co-villagers with his savings where he would not trust any one of them individually. The sense of unlimited joint responsibility appeals to him as the best possible security. The democratic character of the village bank is the best pledge of its solvency. If the village bank were to achieve this and nothing more—if it familiarise the people at large with the idea of deposit banking—then it will have more than justified the efforts of those who have given hostages to fortune in the shape of the valuable time and unremitting energy they have expended on the new movement.

As regards the progress already made, Mr. Gourlay tells us that “there are at present in India 735 rural societies; their

capital amounts to eleven *lakhs*¹ of rupees, half of which has been subscribed by the members themselves, one quarter has been lent by the Government, and one quarter has been borrowed from outside."²

There exists great promise for the future in the fact that while during the year 1906-1907 nearly twelve *lakhs* of rupees of loans were made by these infant societies, the cost of management was kept down to the low figure of Rs. 7000, and no debts were written off and no losses sustained, and the reserves at the end of the year amounted to half a *lakh* of rupees.

As co-operation is the keynote of the system, so we look forward to a grouping of the small village banks under some form of central institution which will finance the unit banks. The industrial banks in Europe have already been organised in this manner, and, in fact, the transition seems a natural one. It would seem advisable, however, to let this movement come spontaneously from below rather than to attempt to "hustle the East" by superposing it from above on a system which is still admittedly in an experimental stage. This is, of course, a question which must be left for decision to those who have boldly volunteered to guide the infant institutions through the difficulties and dangers that beset them in their tutelary stage.

The effect of the successful co-operative grouping of the small village societies would be to render credit in India organic, instead of the inorganic thing it is at present. Money on easy terms would be brought to the door of the humblest self-respecting *raiyat*, with a guarantee against waste in the form of a self-educated village public opinion, having its roots in personal interests inconsistent with unproductive expenditure. The great gulf that now exists between Eastern and Western capital would be bridged over once for all. A plethora of money in the presidency towns would be well-nigh impossible when such excellent opportunities for the investment of funds on sound security existed in the *Mofassal*.

H. R. PERROTT

¹ A *lakh* means 100,000. A lakh of rupees at exchange 1s. 4d. the rupee is equivalent to £6,666 13s. 4d.

² Notes of an address prepared for the Industrial Conference held at Surat in January, 1908.

THE COAL CRISIS.

As a miner, I know of no period in the history of British coal-mining so eventful as the present year. The Eight Hours Coal Mines Act necessitates considerable changes in the working arrangements at the collieries. In every coalfield the Act has given rise to a large crop of minor disputes about the meal-times, overtime, and bonus wages of the datal workers. The resultant stoppage of work for several days at many collieries accounts for most of the decrease of 10 per cent. or so in the general output of coal as compared with July of last year. Another factor in the reduction is the fact that the miners, who usually take their annual holidays in May or June, did not do so this year as the trade outlook was threatening. Directly prospects brightened in July they rushed away at once. Full work will not be resumed till October, while most of the minor disputes will be amicably settled by then. But no real comparison of the output of coal before and after the coming of the Act can be made for at least a twelvemonth. It will require all that time for many collieries to adapt their mechanical equipments to the altered conditions. A year hence the normal output of coal in quantity and in cost of production will probably reveal little or no change in cost to consumers.

The recent coal crisis in South Wales arose out of the demand of the Coal-owners' Association to set aside the existing wage agreement which terminates March 31st, 1910, and to establish a new wage agreement to date from July 1st, 1909. They based their demand on the assumption that the Eight Hours Act is a legal abrogation of the wage agreement. The miners contested this interpretation, and stoutly refused to consider it. The coal-owners then claimed the right to introduce any changes in the methods of working whenever and wherever they found it suited their purpose to do so without the slightest consultation with the miners. Their chief proposal was to introduce a double shift of coal hewers, as obtains in some English and Scotch coalfields. The Welsh miners have rooted objections to the double shift on the grounds (1) that it increases the risks of accidents and explosions (the South Wales coal mines are very fiery); (2) that it would lead to an abnormal increase of output and so disturb the normal development of the South Wales coal trade. The miners were prepared to consider any cases of collieries with special circumstances, and to agree to double shift in such cases.

The coal-owners eventually agreed (after a dramatic sitting which lasted from noon till midnight of June 30th) to submit all proposed changes in methods of working to the miners' lodges for local mutual agreement. Should local negotiations fail, the matter is referred to the Joint Conciliation Board. Any proposal affecting safety only is referred to an arbitrator appointed by the Home Secretary. Should the Board fail to settle any other objections *re* wages or hours within two months, either party is then free to adopt the ultimate course of a month's notice to decide the dispute by strike or lock-out. This new agreement is co-terminous with the wage agreement, and both expire March 31st, 1910. Miners and mine-owners anticipate a severe struggle next March, as each party will bring forward demands of fundamental difference.

The Scotch coal crisis is also over. The coal-owners withdrew their demand for a 12½ per cent. reduction, which would have brought wages down to 5s. 6d. a day, and they agreed to make the present rate of 6s. a day, equivalent to 50 per cent. on the 1888 basis, the standard minimum wage. The miners, on the other hand, agreed to abate any claim for an increase due on any increase in coal prices up to 6½ per cent. should such increase take place before March 31st, 1910. The new agreement will remain in force until August 1st, 1912.

The outstanding feature of the Welsh and Scotch disputes was the decision to enforce the twentieth rule of the Miners' Federation of Great Britain. The operation of this rule means that every coal district in the country comes out in a sympathetic strike with any of the affiliated coal districts which is attacked by the coal-owners on a question of wages. Hitherto the rule has been regarded as a pious expression only. But the crisis in South Wales was so acute and the Welsh delegation so resolved on its adoption, that the Miners' Federation of Great Britain decided to take a ballot of all its members on the matter. But before the ballot could be taken a settlement was effected, as outlined above. The ballot on the twentieth rule is believed to have had an influence on the settlement. The Welsh crisis over the Scotch dispute became acute, and the Scotch miners demanded that the twentieth rule should be put into operation in their case. This time the ballot was taken, and an overwhelming majority, 7 to 1, voted in favour of a sympathetic strike. The Welsh miners supported the project by a vote of 9 to 1. The result of the ballot reveals a remarkable change of temper and outlook among the miners. They claim that the ballot was the decisive

factor in the Scotch settlement. Flushed with this sense of power and victory, the miners are sure to use the twentieth rule in future whenever wages in any district are attacked. Hence the country is sure to be faced, sooner or later, with the terrible prospect of a national stoppage of our coal supplies, with its concomitant paralysis of national industry.

T. I. MARDY JONES

CENTRAL POOR LAW CONFERENCE. ' REPORT OF THE PROCEEDINGS
OF THE 37TH ANNUAL CONFERENCE, APRIL, 1909.¹

THE Conference of Guardians and officials which met at the Guildhall in April last was of special importance. It was entirely devoted to a discussion of the recommendations of the Royal Commission. Delegates were present from 271 Unions, and, in addition, there were a number of elected and co-opted representatives. Four papers were read. Mr. Bentham, of Bradford, put forward a summary of the Majority Report, of which he was one of the signatories. Mr. Manton, the Chairman of the Birmingham Board, dealt with the administrative proposals from the standpoint of a "progressive" Guardian. The Rev. G. Propert, of Fulham, discussed principles and methods of relief, voicing strict C.O.S. doctrine, and Mr. Leach, the Rochdale Clerk, reviewed the unemployment proposals of the Majority, and spent most of his time contending that, where they were not contradictory, they were superfluous. The reading of the papers was followed by a discussion, in which between forty and fifty delegates took part.

Neither papers nor speeches make any fresh contribution to the solution of specific problems. The proceedings are only important as revealing the attitude of leading Guardians to proposed changes. The Guardians would seem to be unanimous against their transformation into "authorities not directly elected for Poor Law purposes." "They were as one against Mr. Bentham." "If the thin end of the wedge were got in, Guardians, as such, were ruined." Next, almost every speaker had something to say against the Local Government Board. Either it did not advise enough and in time, or it interfered too much. Thirdly, many of the speakers were not aware of anything in the Poor Law calling for radical change. "There was no reason in the world . . . why Boards of Guardians up and down the country should be

¹ London: P. S. King and Son. Pp. xv+187. 1s. net.

interfered with." Only one member, so far as we have observed, called attention to what Dr. Bernard Bosanquet has characterised as "perhaps the most unexpected and terrible scandal revealed by the two reports"—the treatment of the 200,000 children who are receiving outdoor relief. Others contended that many Boards had already carried out the suggested improvements or would have done so but for the dead hand of the Local Government Board. What was wanted, they said, was to bring "the laggards to the level of the progressive Boards." Mr. Probert held that "where the Poor Law is administered on sound principles" there is "scarcely any necessity whatever for reform." Needless to add, the progressive Boards are not run on these "sound principles." The same speaker regretted the breaking down of "the clearly-defined boundary 'Destitution,'" while another Guardian asserted that the use of this word "had long been mere cant," and Mr. Bentham declared that it had been "entirely misunderstood" in different parts of the country. Mr. Probert does not believe in a "curative and restorative" Poor Law, and is amazed to find the Majority urging that administration in future is to be less deterrent and more elastic. "Surely," he exclaims aghast, "it was the stretching of the law which brought about the very Commission we are now discussing." One Guardian is astonished to hear of institutions which had cost £400 per bed, while his own Union had found £80 sufficient for up-to-date provision, and he wonders what the Local Government Board has been doing. Mr. Bentham urges that the administrative machinery proposed by the Majority would arrest the municipalisation of the various services which has been going on apace, while Mr. Manton has no hesitation in facing the alternative of distribution to be found in the Minority Report, in preference to the creation of another authority, "badly constituted and worse controlled." The discussion of unemployment was very disappointing. Mr. Leach had no difficulty in discovering signs of haste and inconsistency in the treatment of the subject by the Majority, and he did not think the Minority Report worth discussing. His position is doubtless typical of that of many officials. Believing all labour to be honourable that is honest, he asks "where are our carriers by land and water, our shopmen or clerks to come from, if boys do not on leaving school go as errand boys or van boys?" and so forth. "Is it reasonable to think that private employers are going to be parties to any conference held for the purpose of teaching them how to manage their own affairs?"

Only one or two speakers seemed to have any clear vision of

the true lines of cleavage between the two Reports. The President, Dr. Macnamara, in an admirable review of the general situation, speaking of the Minority Report, said, "It is, as I read it, an endeavour to combine the function of those who seek to remove causes with the function of those who seek to mitigate results. If fifty years ago we had sincerely tackled the slums and the insanitary dwellings of this country, I can imagine that the need for a good deal of our present expenditure of time and money on the physically and mentally unfit would not have arisen. . . . The obligation to reform is quite as imperative as the necessity to chasten." Mr. Manton quotes from the Minority Report the sentence, "It seemed to us of less importance to consider what is done to the existing paupers than to discover what is creating them," and urges that this is what progressive Guardians have been pressing in vain upon the Local Government Board.

No better justification of the need for overhauling the Poor Law system could be desired than is to be found in the conflicting opinions revealed in these pages. The most dangerous symptom is the self-complacency of so many of the delegates. One lady did indeed appeal to the audience "to become super-guardians for the moment," but such magical changes are rare and difficult. Perhaps by the next annual conference the Majority Report and the evidence on which it is based will have forced an entry more completely into the parochial mind. Perhaps also by that time some of the Guardians, greatly daring, will have ventured to read the Minority Report.

THOMAS JONES

RECENT OFFICIAL PAPERS.

Reports from the Select Committee on the Application of Sinking Funds in Exercise of Borrowing Powers. (Commons' Papers, 193 and 372, 1909.)

It has recently been a common complaint of critics of local finance, and especially of opponents of municipal trading, that many corporations have evaded their duty of providing sinking funds by the "ingenious manœuvre"¹ or "most ill-judged Parliamentary slip"² of utilising the money in connection with further borrowings. Witnesses before the Committee on Municipal Trad-

¹ Porter, *The Dangers of Municipal Trading*, p. 184; cf. *ECONOMIC JOURNAL*, xvii, p. 389.

² Arthur Kay, *Municipal Trading*, p. 23.

ing of 1903, and that on Repayment of Loans by Local Authorities of 1902, voiced this complaint, but no pronouncement was made upon it in either of the reports. Last year, however, a small Select Committee was appointed to inquire into this subject, and, after being re-appointed this session, they have issued their report.

When Parliament or a central department sanctions borrowing for any particular purpose a period is fixed during which the local authority must make provision for repayment from the receipts of the undertaking or by contributions from the rates. Three chief methods of redemption are employed : the instalment system, by which a fixed amount of the principal is repaid each year to the lender together with interest on the portion remaining unpaid ; the annuity system, by which an equal sum is paid for debt-charge every year, being made up of principal and interest ; and the sinking fund system, by which, in addition to paying interest on the full amount every year, such a sum is annually set aside as will suffice to repay the loan at the end of the period. In the two former cases the loan is repaid piecemeal, a method which appeals only to certain classes of investors, such as insurance companies ; but by far the larger part of local debt comes under the third system, and the problem arises as to the manner in which the funds may be properly utilised before the period for repayment arrives.

The matter is further complicated by the fact that the stock issued by a local authority is not generally earmarked to a particular undertaking, so that the period for redemption of the stock may not coincide with the sinking fund period prescribed for any particular works. The life of the stock may be fifty years, while the period allowed for amortisation on tramways or parks will be shorter or longer than this. Indeed, there still exists some irredeemable stock, more which is redeemable at the option of the local authority after a specified date, and still more which must be redeemed within a period of ten or twenty years after a specified date.

Until recently the sums set aside to the sinking funds (including loans funds and redemption funds) had to be invested in outside authorised securities unless they were used forthwith in paying off debt or buying up the stock in the market. Some have urged that the money should be invested only in Consols, but in that case the local authority would be obtaining a lower interest than it pays, and if the plan had been adopted we can hardly imagine that the critics would have been satisfied. Rather we should expect the Industrial Freedom League to have found a new

argument against municipal trading in the fact that the local authorities had lost considerably through the depreciation of their sinking fund securities in recent years. More commonly, therefore, a municipality preferred to lend to another at approximately the same interest as it paid, though even here there is some risk of loss through depreciation of the investment unless it is repayable before the lending authority requires to redeem its own stock. But when the local body is obtaining borrowing powers for new purposes it appears an absurd arrangement to force it to lend large sums to outside bodies and simultaneously issue new stock. The principle of accumulating sinking funds during a period of fresh borrowing was employed by the national Government a century ago and was effectively exposed by Robert Hamilton and Ricardo, so that it might be thought nowadays that borrowing with one hand and lending with the other was less defensible than employing their own funds. The critics, however, complain that in the latter case the funds exist only on paper, and even suggest that the accounts are cooked; but in point of fact the utilisation of the statutory sum set aside from each department for the prevention of new debt has distinct advantages, assuming, of course, that the local authority repays its creditors when its obligations mature. It overcomes the inconvenience and cost of frequently issuing new stock, leads to a saving of management, and also obviates the risk of loss by depreciation of the outside securities. The other suggestion, that the corporation should always buy up its own stock in the market with the sinking fund moneys, was made by witnesses representing the Stock Exchange, who urged that such continuous annual redemption would keep up the credit of the authorities when borrowing was simultaneously taking place. This argument was also used a century ago in national finance, and the reasons for its rejection there are equally valid in the present case, while the Committee point out serious practical difficulties in the way of its application, and conclude that "the price at which stock could be bought up by the local authority would in the usual course be in excess of the price at which they could issue new stock," apart from the expense involved in buying and issuing. Hence a number of large corporations obtained power by Local Acts to use their funds in the exercise of new borrowing powers, and since 1901 similar provisions have been inserted in the Stock Regulations of the Local Government Board.

The Committee dispose of the suggestion that the practice was surreptitiously introduced without adequate consideration by giving a detailed history of the provisions, and review the other

objections brought against it. (1) It was said to be a breach of contract, because the investors believe that the sinking fund is to be maintained and applied to the redemption of stock. To this it is conceded that if the prospectus has contained a definite undertaking to apply the fund in the purchase and cancellation of the stock its use for any other purpose is equivalent to a breach of contract; and in one recent prospectus there was a promise to employ the fund for purchasing stock "when obtainable at par, or under." But such an undertaking is very unusual, and the particular instance was proved in evidence to have been due to the pressure of the London brokers who, not unnaturally, have a preference for such repeated purchase, cancellation, and issue. The reference to sinking funds in a prospectus is merely intended to show that the corporation will continuously lay aside sums to liquidate its debts. (2) It was stated that if lenders knew that the funds were used for new capital purposes the credit of the corporations would suffer severely. This is rejected on the ground that the financial position of the authority is in no way weakened by the practice. (3) It was urged that the possession of the power encourages reckless finance, but the Committee properly find this untenable. The local authorities can borrow only when authorised by Parliament or a central department, and if the sanction is given it is unreasonable to make it difficult for the corporation to obtain the money. (4) Finally, it was pointed out that, because they have not maintained the sinking funds, there might be a danger of several corporations having to come on the market to borrow for the redemption of their stocks about the same date, which might chance to fall during financial stringency. The Committee show that this objection can only be valid where the stock must be extinguished by a fixed date, and where the amount withdrawn from the sinking fund will not be repaid by that time.

The conclusion at which the Committee arrive is that "the principle of utilising sinking funds for purposes for which local authorities have borrowing powers is, if properly safeguarded, financially unobjectionable; and the power of so using these funds is undoubtedly a great advantage, inasmuch as it affords a convenient and economical method of exercising new borrowing powers." The safeguards referred to are, briefly, that the terms of prospectuses should be strictly adhered to; that if the loan is raised by mortgage, and the mortgage earmarks the borrowing power under which the loan is raised, the funds should not be used for new purposes; and, further, if a mortgage is charged on

specified rates or revenues, the funds should not be used for purposes for which the loan is required to be charged on different rates or revenues. There are also special objections to so using sinking funds established for loans raised by debentures or debenture stock under the Local Loans Act, 1875, because of their claim to priority and other circumstances. That such care should be exercised in the transfer of liability is quite proper. Where all debt ranks equally without any priority it is absurd to suggest that there can be an earmarked sinking fund; but assuredly if there is an earmarked security or priority for a particular loan it may be claimed that the principle of an earmarked sinking fund should also be retained. The local authorities can avoid such earmarking, and, indeed, the municipalities usually do. Greater doubt may be felt with regard to the suggestion, arising from the last objection, that where stock is required to be extinguished at a fixed date the amounts withdrawn from the fund should as a general rule be replaced by that date, the consent of the Local Government Board being required to any departure from this principle. The rigid application of this would certainly operate disadvantageously during the latter part of the life of such stock. The Local Acts and Regulations empower the authorities to re-borrow the amount properly outstanding in respect of the loans represented by the stock at the date fixed for its extinction, but the possibility that such re-borrowing might be necessary on the part of a number of corporations during a period of financial stress appears to have impressed the Committee. The appeal to the Local Government Board for sanction to use the funds for new borrowing powers in respect to which the periods of repayment extend beyond the life of the stock is not, however, suggested as a practical prohibition, but for the purpose of keeping within limits the amount which would have to be re-borrowed. At present the danger can scarcely be said to be acute, for the great mass of the sinking fund money hitherto used for new borrowing powers will fail to be repaid within the life of the stock; the amount which will have to be re-borrowed on expiration of that life is now under £400,000 for the whole of England and Wales, and the redemption dates vary. Further, such borrowing is not a creation of fresh debt, for the authority will be releasing as much as it re-borrows, and the situation will be in no wise different from that which would occur if instead of using its funds a corporation had issued more stock of the same class. If difficulty is experienced under this suggested restriction we imagine there will be a stronger desire on the part of corporations to

exercise the power, already granted to some under Local Acts, of issuing stock redeemable at the option of the authority after a specified date but without any fixed date for compulsory redemption.

STANLEY H. TURNER

Report of the Board of Trade Railway Conference [Cd. 4677.]
(1909. Price 1s. 5d.)

IN February, 1908, a Railway Conference was constituted at the Board of Trade "with the object of reviewing some of the more important questions that from time to time have been raised between the railway companies on the one hand and the traders and general public on the other." The Report is a volume of some 170 pages, and, as might be expected, its contents are of a most miscellaneous character. Roughly, it can be divided into three parts: (a) Questions Affecting Railways and Traders; (b) Railway Amalgamations and Agreements; (c) Report on Railways in Germany. In the first part alone important conclusions were arrived at.

It has long been a matter of common knowledge that to a large extent the Railway and Canal Commission was failing to fulfil the objects for which it was instituted. The procedure of the Commission is complex, and proceedings before it are costly. Unless, therefore, considerable sums are in question, the trader almost invariably rests content with such concessions as he can obtain by negotiation with the railways, and, even though the law would give him more, he does not venture to risk the expense involved in a Railway and Canal Commission case. To remedy this, it is recommended that in preliminary proceedings before the Registrar of the Commissioners the parties may agree that the case be heard either (1) by the Registrar, or (2) by the Registrar with assessors, or (3) by the Commissioners; whilst in case of non-agreement the Registrar shall decide whether the dispute shall be referred to (1), (2), or (3). In the cases (1) and (2) the parties may agree that the decision shall be final, and in that event three years must elapse before the decision shall be open to review. In the event of no agreement, the parties shall have the right of appeal to the Court of the Railway and Canal Commission. Recommendations in regard to procedure before the Registrar are included, which will have the effect of keeping the costs of proceedings low.

The operation of Section 1 of the Railway and Canal Traffic Act, 1894, also came under review. This Act was a piece of panic legislation, and its influence has certainly been detrimental to elasticity in railway rates. That, at a date arbitrarily chosen, it should be laid down that no railway rate was lower than was reasonable, was as absurd as it was unjust to the railways. Three recommendations are made, one of which represents an effort to encourage railways to experiment with rate reductions. This one is, if any rate is reduced in future, at any time within two years the railway may raise it again to a figure not exceeding its original amount without the increase being an increase within the meaning of the Railway and Canal Traffic Act of 1894.

For the remainder, slight modifications in the conditions attaching to owner's risk rates, and the appointment of an advisory expert committee to deal with the classification of dangerous goods are recommended. A model Private Siding Agreement has been drawn up, to be used whenever the railway company and the trader cannot agree on special terms. Then, finally, some important recommendations follow in regard to the acquisition and holding of land by railway companies. The importance of these would have been vastly greater some years ago, when railway construction was more active; but even to-day our railways frequently require land for widenings of line and extensions of stations and yards. Any change which renders the cost of procedure in acquiring the land less, must be welcomed. A certificate from the Board of Trade instead of Parliamentary sanction, and a simplified procedure in assessing compensation on somewhat similar lines to that contained in the Light Railways and Small Holdings Act, 1907, are proposals calculated to reduce expense.

The second portion of the Report, contained in Appendices i., ii., v., vi., and vii., deals with working agreements, combinations, and amalgamations of railways. The deliberations of this section of the Conference came to a rather abrupt conclusion owing to a definite proposal for a working union between two large railways—the general manager of one of which was a member of the Conference—being put forward. As a result, we only have (1) memoranda giving a brief historical account of the State's attitude towards railway agreements, and an epitome of the law which regulates the powers of railways to enter into agreements; (2) a series of memoranda setting out the views of leading men connected with railways and trade on railway combinations and competition.

The differences between competition in railway transport and trade are now well known to economists. The primary difference is due to the large capital expenditure of railways compared with the annual business done. The reasonable remuneration of capital is essential to the continued prosperity of the railways, and can be looked on as a fixed charge, independent of the business done. Then a large portion of the current expenditure is quite independent of the traffic passing. Mr. W. M. Acworth¹ has estimated that in this country approximately half the total expense is fixed and half varies with the traffic. As 64 per cent. of the receipts roughly represent average railway expenditure in this country, it is seen that, in the case of a fall in railway receipts, it can only be expected that one-third of the fall will be met by reduced expenditure. Again, once the railway is built, the capital is sunk for good and all. Most of it is both irrecoverable and immovable. There is no such thing as abandonment of the field. The inevitable conclusion is that the effects of competition between railways cannot, and must not, be judged by the effects of competition in business. Moreover, no means have been devised by which competition can be permanently maintained. Any attempt to perpetuate competition between railways by legislative enactments is likely to defeat its very object, since it can only result in compelling union as a measure of self-preservation.

In so far as competition makes for economic waste—as it undoubtedly does in the case of railways—all admit its undesirability. In fact the case for working unions, combinations, and amalgamations is admitted on all sides to be good. Even the Railway Nationalisation Society agrees that, “so far as they make for legitimate economies incidental to the unification of management, the public may contemplate the change with satisfaction.” The objections, then, are not to be found in the case as presented by the railway powers. Practically there is no attempt to refute any one of the arguments they advance.

The objections raised are two-fold, and concern rates and facilities. The trader fears that, with an increase in the monopolistic character of railways, he may have to pay more for his transport, and at the same time he may find the train services reduced and other facilities curtailed. So far as rates are concerned, there is not, and, in fact, there has not been for many years, any substantial competition between the railways. All rates are fixed by the shortest route by agreement. There is far

¹ See Acworth, *Elements of Railway Economics*, p. 50.

more case for arguing that the only hope of substantial reductions in rates in the future lies in amalgamations. The carriage of goods 100 miles over two railways costs more than for the same distance over one railway. The G.N.R., G.C.R., and G.E.R., when they agreed that, if their working union was sanctioned, the railways should be counted as one for rate purposes, estimated the concession was worth £100,000 a year. The concession was, therefore, valuable, and at the same time was convincing proof of the amount of the economic waste which the railways anticipated they could abolish. The danger does not lie in any matter of charges. That may be dismissed once for all.

This means that the whole case against amalgamations rests on the danger that facilities will be reduced. That fewer trains would be run there can be no question, but that does not necessarily mean a really poorer service. At the present time there is much wasteful duplication which does not benefit the public one iota. One railway gives a certain service; its competitor must do the same. So the game goes on, and the public and railway shareholders pay the piper. But even if the reduction went a little further, so that the service was not quite so good as to-day, is it certain that it would be a bad thing for the trade of the country? Since 1894 railway rates in this country have not changed substantially, so far as it is possible to judge, whilst the service given has improved enormously. The service to-day is quicker and more reliable than fifteen years ago. Free delivery areas have been extended in many towns, longer free warehousing is often allowed, the rolling stock is better, particularly in the matter of covered vans, refrigerator cars, &c. It is the same with passenger traffic. Except in the matter of weekend fares, and some local reductions to meet tram competition, third-class passengers, who represent the mass of travellers, pay to-day the same as they did fifteen years ago. In return they get a quicker and more frequent service, with an increase in the comfort of the carriages, which must cost the railways a substantial sum. Great and beneficial as these changes are, it is by no means certain that the gain to the community would not have been greater had there been a smaller improvement in the facilities, and a larger reduction in rates and fares. With the widening of markets, cost of transport tends to become an ever-growing factor in the price of goods. As its relative importance increases, the need for cheap transport becomes greater. Any change which will permit railway officials to devote greater

attention to the cheapening of railway transport should be welcomed. If amalgamation and working unions will aid in producing this result, no amount of opposition can indefinitely postpone their accomplishment.

The fear of an undue reduction in facilities has, however, to be reckoned with. The fact that traders' and railways' interests are in the long run coincident is the greatest safeguard there can be. At the same time, some more direct safeguard to prevent sudden changes, which might seriously damage particular trades and localities, particularly over shorter periods of time, is desirable. The establishment of a Minister of Railways and Canals has been advocated, and given the requisite powers this would seem the most obvious method of dealing with the situation. A department wholly devoted to transport should be able to exercise a satisfactory supervision over railway rates and services. In the meantime, the recommendation of the Conference that "an advisory committee on railway matters should be constituted, which the Board of Trade might consult on such matters as they might think fit to refer to it" should be immediately carried out.

W. F. STEPHENSON

Report by Mr. Cyril Jackson on Boy Labour, together with a Memorandum by the General Post Office on the Conditions of Employment of Telegraph Messengers. (Royal Commission on the Poor Laws and Relief of Distress. Cd. 4632. Price 3s. 9d.)

IN spite of the very inadequate time at their disposal, Mr. Cyril Jackson and his assistants have produced an extremely valuable piece of work. This particular inquiry arose out of that made by Mr. Jackson himself and the Rev. J. C. Pringle into the "Unemployed Problem." It has been confined, therefore, to the one aspect of the prospects, afforded by the occupations concerned, "of permanence and educative value for adult industry." The terms of reference were to inquire into, and report on, the main occupations followed by boys on leaving school, and the extent to which such boys obtain regular employment, skilled or unskilled, as adults. Other matters, the conditions under which boys work and their liability to accident, had perforce to be omitted as not directly bearing on the subject of the inquiry. Moreover, the limitation of the time given for the inquiry to eighty-five days made it necessary "to confine the inquiry to those places where

voluntary assistance could be obtained." Moreover, it was restricted by the Commission itself to certain large towns.

Under the circumstances the mass of material that has been collected and analysed is simply enormous, while the very wide field that has been covered greatly increases the utility of the actual report. Great ability has been shown in marshalling the evidence, and the suggested remedies are well considered and merit careful attention. But what will be of special value to the independent investigator is the great amount of material, such as summarised answers to inquiries, that is to be found in the appendix. This, indeed, contains of necessity a large variety of information on many subjects besides that of the inquiry itself. The volume falls into three main divisions: the Report proper (pp. 3—32), the tables and charts (pp. 33—54), and the appendices (pp. 58—216). Finally, there is a Memorandum from the Post Office replying to some of the criticisms contained in the Report proper, and in the reports embodied in the appendix supplied by Mr. Pattinson and others.

The Report only deals with certain forms of boy labour and in certain trades. Except in Appendices II. and III., the question of skilled boy labour is very little considered, since attention was concentrated rather on the trades that led directly to unemployment. That is to say, the question of how far the training given to learners and apprentices was adequate did not directly enter. On the contrary, it is the forms of employment which fail when a boy approaches the threshold of manhood that directly produce unemployment, and it is to these "blind alley" trades that the inquiry was directed. Thus the consideration of the skilled trades is only secondary, except so far as they provide means for the absorption of the surplus boy labour of the district. Mr. Jackson points out, for instance, that whilst in Norwich "the workers in the boot factories remain fairly constant in number from 14 to 20, the boys from the other factories and the errand boys fall into general and casual labour and into unemployment," in Leicester there is "an enormous influx into the boot trade of boys from other occupations." Even as regards the blind-alley trades, however, a distinction has been made and attention concentrated on certain forms of them. Into many of these the reference authorised a special inquiry; and less attention has been directed to those "blind alleys" that attach to some skilled manual trades. Little, for instance, is said about the rivet boys or the boys working automatic machine tools in boilermaking and engineering, or about the boys who work the machines employed

in some tinsmithing factories. Here the occupation 'is not altogether a "blind alley," a good proportion of the boys staying in the trades, as, for instance, as rivetters and holders-up. Yet, partly owing to the instability of the boys themselves, numbers of them are continually passing into and out of the occupations. But it is less with these than with those industries where a surplus of boys is a normal and necessary adjunct that the Report deals.

A word may now be said as to the methods of inquiry. The statistical sources utilised include the census of 1901, the return in 1899 of the occupations of children leaving school, and the reports of the chief inspectors of factories and workshops. Considerable use has also been made of the statistics collected by the Distress Committees, and of those in Mr. Charles Booth's *Life and Labour of the People* bearing on the trades in which an excess of boys is to be found. Forms were sent out to employers of labour in order to obtain returns as to individual works, but only a comparatively small proportion of them was returned. The same fate awaited the industrial biography for young men. The object of this was to obtain details of the length of time in which they remain in certain employments and the age at which they were displaced from them. The best results have been obtained where the co-operation of men in close touch with the boys themselves, *e.g.*, managers of boys' clubs, has been available. In all some 4,000 returns have come to hand out of 12,000 issued, and a series of very illuminating charts has been constructed from them showing the proportion of boys at various ages in each employment. Finally, the interview has been freely used, not only with employers and trade unionists, but with the managers of various societies, evening schools, boys' clubs, &c.

The statistical evidence available shows how large a percentage of the boys who leave school go into unskilled occupations, or between 70 and 80 per cent. in all. Most marked are the number classified as errand boys, amounting to as many as 40 per cent. in London, though in some of the cotton towns, owing to the superior attraction of the mills, it is quite infinitesimally small. Thanks largely to the Education Acts, however, the total number of boys under fifteen has declined during the last quarter of a century. "It is very satisfactory to note how few are the trades in which an actual or proportional increase of boys is shown." On the other hand, there are some significant exceptions. "In the last intercensal period the number engaged in the telegraph and telephone service rose from 14,955 to 22,819, or by 52.6 per cent.," and other trades to show an increase of boys are carpenters, soap-

workers, carmen (*i.e.*, van boys) and street sellers. The two latter, unfortunately, are among the worst forms of boy labour, the latter being admittedly the worst of all.

In weighing the statistical evidence, allowance must be made on the one hand for expanding trades, and on the other for the fact that large businesses may have departments wholly given up to boy labour, and yet absorb all their boys, as they grow up, in other branches. This is the case with messengers and office boys in large houses and van boys with railway companies; but with small firms, more especially where, in Mr. Spencer Gibb's words, "the office boy is the Co.," his prospects for the future are practically nil. Even making all allowance for the instability of the boys themselves, the number employed is often far in excess of what can be absorbed. Mr. Jackson makes full allowance for this tendency, which, he points out, often conceals from the employer the fact that he is engaging an excess of boy labour; but maintains that "there is generally a time of transition when boys have to seek new occupations for which they possess little or no aptitude. They begin all over again, and may or may not be able to fit themselves for their new position." Then follow various statements of the problem and an interesting summary of the opinions of schoolmasters, workers in boys' clubs, trade unionists, and others. The analysis of the Distress Committee returns brings to light various important points, including the grave fact that casual labour is not necessarily hereditary. In "the 157 cases in which their parents' occupations were ascertained (*i.e.*, by the Lambeth Committee) 80 were found to have unskilled parents as against 77 with skilled," and the Stepney returns show the same thing, though perhaps to a less marked degree. Similarly in the case of enlistment, the reason is often a long period of unemployment and the difficulty of finding work, and a large proportion of the recruits are van boys and stable hands. Yet Mr. Jackson points out, "boy labour can seldom be said to be really efficient. They go from job to job light-heartedly, and are troublesome and indifferent." Education has improved matters of late years, but nevertheless this fact has to be balanced against the apparent cheapness of boy labour.

The returns as to wages have been subjected to a masterly analysis, which is perhaps the best part of the whole report. They may be divided into two groups, those based on the club and school lists and those obtained from the Distress Committees. It is significant that the former, which contain a far larger proportion of learners in skilled trades, are about 2s. a week lower on the

average at eighteen, but only very slightly less at twenty-one. "The wages, in fact, varied most in amount about the ages of seventeen to eighteen. Here they were very divergent indeed, though this does not appear in the averages given on the chart. It is evident that about this period the boys, in the distinctly boys' occupations, begin to leave for other work, some entering higher paid jobs that lead them nowhere, others being content with a smaller wage in employments that give some prospect of permanence." The latter is more frequently the case with the school lists, where wages show a steady, slow rise, the former with the Distress Committees. Admittedly, however, boys' wages have risen generally in recent years; and often they receive their full value as wage-earners, and so no margin is left to compensate the employer for the expense and trouble of teaching them a trade.

The Report deals with some selected industries. As regards telegraph messengers employed by the Post Office, "everyone agrees," says Mr. Jackson, "that these telegraph messengers who are discharged (some at sixteen, some at seventeen or eighteen) exemplify in a very striking way the evils of a parasitic trade which lives by cheap boy labour," this, as Mr. Jackson elsewhere points out, in spite of the advantages of a monopoly and the presumed duty of the State to act as a model employer. The Appendix contains much valuable information in reference to this, and the Post Office replied in a Memorandum, printed after the Appendix, to the strictures passed on the system in vogue there. The conditions in private companies appear to be little better, but the District Messenger boys, it is claimed, owing to the greater intelligence which their work demands, readily get good posts elsewhere. The other trades specially investigated include street orderly boys and municipal employees, office, shop, and errand boys, and finally street sellers, "the most demoralising employment for children," and for its complete suppression the author does well to appeal.

The conclusions suggested by the Report are briefly as follows:—First, the boys in the Post Office should be reduced in number to an apprenticeship standard. This, it seems to me, is essential with those retained above the age of sixteen, since the latter is the latest age at which apprenticeship is normally possible. Up to that age a moderate surplus, not only here, but in other trades, might be met by an organisation of a Labour Exchange system for boys, something on the lines of existing Apprenticeship Committees, but of national extent. Secondly, it proposes extension of State Regulation, to be carried out either by raising the school age or by compulsory continuation schools,

and also by the abolition of the half-timer. Thirdly, organisation on the Labour Exchange principle is required to put the right boys into skilled trades and into the right trades. The leakage caused by the failure to do this is more considerable than one might suppose. Fourthly, there is proper graduation of wages, partly to prevent boys being tempted into unprogressive trades, partly also, I venture to add, to recompense the employer for the expense and trouble of teaching, and the complete abolition of street trading by children is demanded. Indeed, the moral of the Report is that the boy, especially the young boy, must be a learner first and a wage-earner afterwards. He was so under the old Apprenticeship Laws, he is so still in Germany, and until all classes, employers, parents, and the boys themselves, look upon this as the *raison d'être* of their industrial life, the problem will not even approach solution. Lack of space prevents any detailed reference to the admirable tables and charts, and those mines of information—the appendices. It only remains to congratulate Mr. Jackson on his work, and to express the regret that limits of time and space prevented him giving that fuller treatment to the subject for which he is so admirably fitted.

N. B. DEARLE

Royal Commission on Poor Laws and Relief of Distress. Appendix Vol. XVI. Report by Mr. A. H. D. Steel-Maitland and Miss R. Squire on The Relations of Industrial and Sanitary Conditions to Pauperism. [Cd. 4653.]

Report of the Departmental Committee on Combinations in the Meat Trade. [Cd. 4661.]

Statistical Memoranda and Charts Prepared in the Local Government Board Relating to Public Health and Social Conditions. [Cd. 4671.]

Report of Royal Commission on Shipping Rings. Vol. V. [Cd. 4686.]

Taxation of Land. Papers Bearing on Land Taxes and on Income Tax, etc., in Certain Foreign Countries and on the Working of Taxation of Site Values . . . [Cd. 4750.]

The Report of the Inter-Departmental Committee on Partial Exemption from School Attendance. Vol. I. [Cd. 4791.]

THE *Bulletin of the Bureau of Labour* (Washington) for January, 1909, deals with *Woman and Child Wage-earners in Great Britain*. The yearly record of wholesale prices appears in

the March number. Average prices of 1908 compared with 1907 show a decline.

The Ninth Financial and Economical Annual of Japan, 1909, issued by the Department of Finance (Tokyo) maintains the economic and statistical interest of its predecessors. We have only space to notice one topic, the index-numbers showing the rise of wages between 1901 and 1907. The median of 48 percentages indicating the change of wages in as many industries during that period is found by us to be 134.

OBITUARY

T. H. ASCHEHOUG

PROFESSOR T. H. ASCHEHOUG, who died last winter, was undoubtedly one of Norway's best sons, highly esteemed in all Scandinavian countries for his profound studies no less than for his sincere character and his great amiability. Born in 1822, he was appointed as a lecturer in the University of Christiania in 1852, and for fifty-six years he kept the chair, to his very latest days busily engaged in following the latest progress of political economy. In his younger years he principally studied law, and he has published masterly works, especially on constitutional law. Later in life he grew more and more interested in political economy, and his last years were entirely devoted to these studies. At the age of eighty he planned a great standard work—*Social-Ökonomik* (1903-8)—and succeeded in completing it a short time before he died. It is very characteristic of him that he was preparing a fresh edition, finding that some chapters were already obsolete. There is nothing betraying old age in this work—in fact, he was always willing to submit a question to fresh discussion whenever a new view was advanced, and the reader cannot help admiring his enormous reading and his liberal-minded way of dealing with his theme. Sometimes, even, he is so anxious to explain the views of others that he almost forgets to state his own opinions. In addition to his *Social-Ökonomik* he has published numerous papers on special subjects—as, for instance, on the theory of price and on the population of Norway in past centuries. And, as a member of several Committees, and in 1868-82 of the Storting, he took a prominent part in the solution of many questions of practical political economy.

HARALD WESTERGAARD.

PROFESSOR DR. JULIUS KAUTZ.

WHILST Professor Kautz's pupils and admirers were making preparations for a splendid celebration of the eightieth anniversary of his birth, which they had every reason to hope he would shortly attain, he succumbed after a short illness. Those who had wished to show their joy to the living, now express their sorrow for the dead, not with any less splendour or sincere affection, for Hungarian science has lost in the deceased one of her mightiest pillars.

Professor Kautz was born in 1829 in Győr, and was the son of wealthy and cultured parents. The best proof of the father's educational ideals is that he trained both his sons for academic careers.

Professor Kautz's early studies took him to the universities of Berlin, Heidelberg, and Leipzig. At the latter university he came under the influence of the celebrated Roscher, who was no doubt responsible not only for the direction which Kautz's studies took, but for his later public activities.

At the age of twenty-two, in 1851, he was assistant professor at the Academy of Law in Pozsony. Two years later he was professor in ordinary at the Academy of Law in Nagyvárad. In 1858 he was teaching at the Polytechnic School then established in Buda. He came to the University of Pest in 1863 as Professor of Politics and Administration, and from 1868 he included political economy and the science of finance in the sphere of his teaching.

For the long period of thirty years he held this post, surrounded by a continually increasing number of devoted students. When, in 1893, the office of the Governor of the Austro-Hungarian Bank became vacant, and could, according to law, only be occupied by an Hungarian citizen, the electing board only expressed the wishes of public opinion by selecting Professor Kautz for this most important post. His term of office, according to the law, was to have been only five years, but in consequence of the important reforms taking place about this time, he did not retire till some years later, after the conclusion of the great Compromise.

He now, with great enthusiasm and indefatigable zeal, once more devoted himself to his earlier and favourite studies. In addition to his professorial duties, he early took a large share in the activity of the Academy of Science, of which he was a member from 1861, occupying in turn the most distinguished offices, viz., President of the Statistical and Economical Committees, Presi-

dent of the Department of Philosophy and Politics, member of the Directory; added to all these he was Vice-President of all Academies, and, after leaving Vienna, was President of the Hungarian Society of Political Economy.

He further devoted a great deal of time to public life. Since 1865 he had been a member of the House of Deputies. The high office of Under-Secretary of State in the Common Ministry of Finance was offered to him, but he did not accept it. He, however, displayed an ardent activity in the preparatory conferences of the Compromise, as member of the two most important committees which elaborated the fundamental law.

His political ideals were Széchenyi and Deák, the former of whom had great influence upon his economic views. From 1887 he had a seat and vote in the Upper House, but from that time he remained a true and active follower of Deák's political compromise. In the ancient constituency of Francis Deák, where he was constantly living, he held together his fellow-citizens with indefatigable ardour and faithfulness to the principles which he never deserted.

However, all these rich and varied powers formed only the public expression of his active life. Uninterrupted scientific labour gave him the finest joy of life. His chief study at this time was political economy, but he found time to devote a great deal of attention to political science and common law. On both these subjects he published numerous works, including one large book on politics.

In this notice we are more interested in his writings on political economy. His first large volume appeared in German, in 1860, when he was thirty-one years old, *Theorie und Geschichte der National-Ökonomie*. This work was due entirely to the teaching of Roscher, but yet with so much independence of thought as to be a considerable addition to international literature. The English economic historian, the distinguished Ingram, in the *Encyclopædia Britannica*, says with regard to this work:—"It is a book of high interest, being the result of philosophical as well as of extended researches."

His political activity, and, above all, his study of the leading political men of his country, especially of Count Széchenyi, produced a great change in his economic views.

"The greatest Hungarian," as Kossuth called Széchenyi, brought Professor Kautz nearer to the great English classical economists, to the inexhaustible spring of political economy.

Like Count Széchenyi, who was the ardent pupil of Adam

Smith, Professor Kautz penetrated successfully into the intimate conceptions of the great English philosopher of political economics. The first visible token of this transformation was that Kautz devoted his systematical text-book of political economy to the memory of Count Széchényi. And in the same degree as he engaged himself in the study of Széchényi, he continued to come nearer to Adam Smith. The evidences of this transformation are the two greater studies by Kautz, his *Political Economy and Fiscal Politic*, 1866, and *The History of the Development of the Economic Ideas in Hungary*. These obtained for him the greatest prizes from the Hungarian Academy of Science. The latter work is the most precious gem of Kautz's scientific activity. It is in this work that he erects the most beautiful and everlasting monument to the great Hungarian statesman; it is here that all his strength of mind has been devoted in the spirit of the pole-star of Hungarian politics and culture; and it is here, where that enchanting power catches him and keeps him irresistibly to the work of his whole life, that he becomes the ardent follower and herald of Széchényi until his last breath, even when a great part of the nation no longer followed the ideal of his brightest and most glorious days.

When we peruse Professor Kautz's smaller economic works, we see at once how much the love of individual liberty and of individual responsibility are uppermost in his mind. The story of the development of these ideas is given in the preface which Kautz wrote to the Hungarian translation of the *Wealth of Nations*, published by our Academy on the hundredth anniversary of the great Briton's death. In this Professor Kautz concludes that the two great principles of Adam Smith, individual liberty and individual responsibility, will remain the imperishable bedrock of all economic science. As a pupil of Roscher he began his career, and as an enthusiastic follower of Adam Smith he achieved it, giving another reason why the scientific world of England should take notice of the Hungarian student of political economy.

His active life was limited neither to economic learning nor to science in general. His scientific mind extended to other branches of human knowledge; his strong sense of duty led him to the brilliant but thorny career of public life. In whatever sphere he worked, he was always true to the ideas which filled his soul, and wherever he went he met with public acknowledgment and esteem.

His life was one of devotion to a great ideal, a life full of

usefulness and hope for his country. His loss is mourned by innumerable persons who have been stimulated by his work and example. It is, however, in the school of Hungarian political economy where his loss is the greatest. It is here that his name will live for ever.

LOUIS LANG

CITY NOTES.

We have received the following "City Notes" from "R. G." :—

Slack Water.—The best way to describe the business and financial condition during the last quarter is to apply the term "slack water." There has been nothing sensational since the international crisis arising out of affairs in the Near East was brought to an end in the spring and the first shock of the Government's sensational Budget passed away. The liquidation which succeeded the boom of 1907 has therefore been allowed to go on quietly with the usual result of easy money and quiet times in business generally. In other words, the business world is in a period of slack water—midway between the flow of the tide which ended in 1907 and a new flow which may reasonably be expected to begin before long. It is symptomatic of this condition that the markets for securities have, on the whole, been steady. There has been a good deal of investment buying, and the people in and about the Stock Exchange have been encouraged, while new company ventures have made their appearance on a moderate scale. There are also signs of trade revival in certain directions, especially in the iron and steel and shipbuilding trades, the latter being partly due to a similar improvement in the United States. It would be going too far to say, perhaps, that the business tide has actually commenced to flow, but there is a more hopeful feeling everywhere, and the omens are good.

The Coal Strike Averted.—Part of the better feeling is no doubt due to the fears of a general coal strike which were prevalent at the beginning of July having passed away. There was real cause for alarm that the adjustments in the coal industry to the new conditions imposed by the Eight Hours Act would not be easily made. On the one hand, the men were indisposed to accept any reduction of the minimum and standard wages, and, on the other hand, the employers found themselves unable to raise the price of coal sufficiently to reimburse the increased cost of working necessitated by the Act. After long negotiations a compromise was arrived at under the auspices of the President

of the Board of Trade and his conciliation department, and for a time at least the coal business is to go on undisturbed. Whatever difficulties there may be in future, time has been gained to enable all concerned to look round and study the subject of adjustments, so that as similar movements for shorter hours to that which has led to the Eight Hours Act in this country are going on in other countries as well, there is reason to hope the coal industry here will not be subject to undue competition, nor will the rise in the price of coal be injurious to other industries.

The Harriman Panic.—The improvement in Stock Exchange securities was interrupted in an interesting manner in August by a panic in Wall Street consequent on the serious illness of a prominent American speculator, Harriman, who returned from a European voyage only partially cured, and “collapsed” sensationally on landing from the steamer when about to be interviewed by a group of American reporters. There could not be a better illustration of the importance of the personal equation in Stock Exchange speculation. As a large holder of securities and leader in Stock Exchange movements Harriman was personally a serious factor in the advance in American securities which has been going on for some months, and the withdrawal of his leadership, which his serious illness portended, consequently shook the markets for a time. The effect, of course, can only be momentary. Prices will be determined in the end, as they always are, by the proportion between sales of actual holdings by investors and the purchases of other investors for cash; but the momentary effect is very great.

New Speculative Fields.—The new direction of speculation in recent months has largely been in connection with “rubber,” which has advanced greatly in price as the result of the development of the motor-car and electrical industries, on the one side, and, on the other side, the limitation of the fields where rubber can be produced, so that a rapid increase of production is hardly to be expected. Rubber companies have consequently grown to be a leading feature of Stock Exchange business, and not a few of the prospectuses which have lately been issued are related to “rubber.” More recently attention has been drawn to the rapid progress of the coal companies established near Dover, which are now expected to be coal-producing in a few weeks, with a promise of enormous dividends! It is not easy to imagine the magnitude of the economic change that must follow in south-eastern England;

but matters seem so far advanced that there can hardly be any longer a question as to the change itself coming off. One of the most remarkable features of the new coal fields is that the coal is very largely of the quality of the best Welsh coal, which should make Dover more than ever a place of importance as a naval base. Of course, there is always many a slip possible betwixt the cup and the lip; but the City opinion rather is that the production of coal in Kent is at last a certainty

Opposition to the Budget.—The feeling in the City continues to be extremely hostile to the Budget and the manner and style of the arguments by which the Government has supported it. Financial authorities are especially impressed by the fierceness with which the land clauses have been carried, at the point of the bayonet as it were, although as a matter of fact they will produce very little revenue to the Government—and no *net* revenue, after paying the cost of valuation and collection, for many years—while they will impose heavy and grievous burdens on the unfortunate taxpayers. Apart from the question of the justice and equity of the taxes themselves, such taxation is held to be bad finance, as the object should always be to raise the maximum amount of revenue with the minimum of friction and cost to the taxpayer. In departing from this rule, the Government are held to be introducing a mischievous and dangerous element in English Government business, and the hostility of the City is consequently deep and strong. “Politics” do not come into these notes, but the attitude of City opinion in this matter is quite outside the usual lines of party politics, and is something deserving of notice as significant of a breach between the City and the Government which may have many unfortunate consequences.

R. G.

CURRENT TOPICS

A JOINT Committee for the Abolition of Half-time Labour for Children of School Age has been formed. Among the organisations represented on the Committee are the Fabian Society, the National Union of Teachers, the Women’s Industrial Council, the National Union of Women Workers, and the British Institute of Social Service. It will be remembered that within the last few months reports condemning the existing facilities for half-time labour have come from three different bodies—the Poor Law Commission, the Departmental Committee presided over by

Mr. Trevelyan, and the Consultative Committee of the Board of Education. The object of the new joint committee is to conduct an agitation for the complete abolition of half time. Public meetings are to be held during the coming autumn among the Lancashire operatives. A deputation is to wait upon the Prime Minister, asking him to deal with the question in the Government programme of next year. Mr. Arthur D. Lewis is the hon. secretary of the joint committee.

THE Home Secretary has appointed a Departmental Committee to inquire into the operation of the Employment of Children Act, 1903, and to consider whether further regulations are required in respect to street trading and other employments dealt with in that Act. Mr. J. A. Simon, M.P., is the chairman, and Mr. A. K. Clark Kennedy, one of his Majesty's Inspectors of Factories, is secretary. Correspondence should be addressed to the secretary at the Home Office.

THE Lords Commissioners of the Treasury have appointed a committee to advise the Government departments in order to promote uniformity between them in carrying out the Fair Wages clauses of Government contracts. The committee consists of officials drawn from various Government departments. Mr. J. J. Wills, of the Board of Trade, is acting as secretary.

A COMMITTEE has been appointed by the President of the Board of Trade to consider whether changes are expedient in the law relating to agreements among railway companies, and what provisions ought to be introduced into future Acts of Parliament authorising amalgamation to safeguard various interests. The secretary to the committee is Mr. E. W. Rowntree, of the Board of Trade.

AT the summer meeting of Extension Students, held in Oxford in August, a conference was arranged on the subject of Industrial Peace. It had been hoped that the chair would be taken by the Chancellor of the Exchequer, and that the participants in the proceedings would include such representatives of different points of view and various phases of experience as Sir Christopher Furness, Sir Horace Plunkett, and Mr. D. J. Shackleton. Unfortunately, the pressure of official business prevented Mr. Lloyd George from being present, and the other speakers named were compelled by various circumstances to cancel their engagements. But Mr. J. Ramsay Macdonald and

Mr. Henry Vivian took part in the conference, and the chair was occupied by Mr. L. L. Price. Mr. Vivian dealt in his address with the special question of insurance against unemployment, and in a lucid, forcible argument, maintained that the matter hinged more on administration than on finance. The necessary funds could, he held, be provided without serious difficulty. The most noticeable feature, however, of the conference was the amount of general agreement attained on the main topic of discussion—the prevention and adjustment of industrial disputes. For it was admitted and emphasised that the system of voluntary conciliation hitherto practised as a rule in this country was to be preferred to the compulsory arbitration through the medium of a State court, which was being tried in Australasia. It was curious and significant that Mr. Macdonald, although an avowed Socialist, deprecated the adoption here of the machinery erected and working at the Antipodes. The incidental dangers and the inherent defects of the compulsory arbitration courts can rarely, if ever, have been demonstrated more convincingly than they were at the Oxford meeting both by Mr. Macdonald and by the chairman. Mr. Price laid before the conference three conclusions drawn from his study of the subject. The first was the great quantity of valuable, but unostentatious and unnoticed, work achieved by methods of voluntary conciliation in the pacific and prompt settlement of minor local disputes in many important English industries. The second was the absence, necessitated by the conditions, or at any rate realised in fact, from the Australasian system of the opportunity for mutual “give and take.” Under that system judges brought legal habits of mind to bear on their decisions, seeking to construe a statute rather than to reconcile disputants. The third and final conclusion was the considerable general progress actually accomplished in England in the preservation and consolidation of industrial peace. Both the science and the art of the matter had now reached a position of comparative advance, and while, in the last resort, machinery must depend on the men who worked it, a mechanism had been devised which was in fact effective.

PROFESSOR PIGOU, in a letter to the *Times*, July 2nd, initiated an interesting correspondence respecting the fiscal principles involved in the Budget of this year. Professor Pigou subsequently embodies his views on the policy of land taxation in a pamphlet to which we have called attention on another page (below, p. 499.)

AN International Conference on Unemployment is to be held in Paris, September, 1910. The aim of the said conference is to establish a closer and, if possible, permanent contact between the specialists of the different countries already brought together in Milan in 1906, under the auspices of the Società Umanitaria. It has been thought advisable that the approaching conference should be a closed one, open only to individuals or corporations qualified by scientific or practical services rendered in the various branches of social insurance, particularly in the fight against unemployment. The subjects to be discussed are unemployment statistics, labour exchanges, and insurance against unemployment. The conference will aim at organising a permanent union between all persons working against unemployment.

THE members of the International Statistical Institute, during their visit to Paris last July, fared sumptuously every day. They were received by the President of the French Republic at the Elysée, by the Ministers of several departments, by the Governor of the Bank, and by the Municipality of Paris. Brilliant entertainments were also given by the Economic Society and the Statistical Society of Paris. The statistics of the varied courses and choice vintages which graced these occasions would be impressive, but could not represent the principal interest and charm of entertainments at which the hosts included the most distinguished economists and publicists in France. At the banquets of Olympians the nectar is not the only or the chief attraction. The interest of the dinner given by the Statistical Society was enhanced by the accidental circumstance that the jubilee of the Society coincided with the Twelfth Congress of the International Statistical Institute. On this occasion the Society presented each member of the Institute with an interesting volume described as *Notes sur Paris*, dealing felicitously with various aspects of Parisian life not usually handled by statisticians, such as *l'Art Decoratif* and *La Mode*. There are prefixed two solid compilations—the history of the Statistical Society of Paris, and that of its precursors, the earlier French statisticians. Those path-breakers did not confine themselves to the practical parts of their science; with Poisson and Cournot they investigated the principles of Probabilities, which are at the root of statistics. Faithful to these traditions, M. Lucien March, the present Chief of Official Statistics in France, was instrumental in forming a section of the Institute, specially adapted to deal with the mathe-

mathematical theory of statistics. While the mathematicians were digging about the roots of the science, the fruit-bearing branches were the care of others. None gathered the fruits of statistical science with more agility and success than the indefatigable octogenarian, M. Levasseur. His study on the distribution of the world's population might have been pronounced the communication of most general interest which was made to the Congress, if he had not made several other splendid contributions, both papers and discourses. The next Congress of the Institute will be at The Hague, in 1911.

WE regret to have to announce the death—at Washington, last July, at the age of seventy-four—of Simon Newcomb, the distinguished American astronomer and economist. His splendid achievements in astronomy lie outside our province. But it is perhaps not irrelevant to record that, in dealing with astronomical observations, he employed a principle which has some affinity to the spirit of the human sciences. He adopted from Laplace the conception that we should seek that combination of observations which gives, not the most probable value of the object measured, but the “most advantageous” measurement—the one which, being employed in the long run, minimises the detriment incident to mismeasurement (*American Journal of Mathematics*, vol. viii., No. 4). A more definite connection between mathematical and moral science is formed by Newcomb's *Principles of Political Economy*. Among the physical conceptions which he transferred to economic phenomena is the now generally accepted idea of a Flow.

POLITICAL economy in America has sustained another severe loss through the death of Carroll D. Wright, who, for twenty years (from 1885 to 1905) had acted as United States Commissioner of Labour with singular impartiality and ability. He was chairman of the committee which investigated the Chicago strike of 1899, and was instrumental in settling the anthracite coal strike of 1902. His principal publications are *The Industrial Evolution of the United States* and an *Outline of Practical Sociology*.

A PROMISING career has been cut short by the untimely death of Professor Ernst von Halle. Born in 1868, he first attracted attention by his book on *Trusts*. His economic knowledge and talents were afterwards employed in the service of the German

Government in the Marine and other departments. He was the editor of the valuable statistical publication, *Die Weltwirtschaft*, which Mr. Bowley, a good judge of Statistics, has described in the ECONOMIC JOURNAL (vol. xvi.) as deserving "unstinted praise." A later number of the *Weltwirtschaft* is favourably reviewed by Mr. Bowley in the present number of the ECONOMIC JOURNAL; and we are able to add of the latest issue of the German yearbook (among our announcements of New Books below) that it forms a worthy sequel. Our readers will not require to be reminded of his article on the "Rise and Tendency of German Transatlantic Enterprise" in the ECONOMIC JOURNAL for 1908.

MR. A. B. CLARK has been appointed to the Chair of Political Economy in the University of Manitoba. Mr. Clark has been for many years lecturing in Edinburgh University, and has been a frequent reviewer for this JOURNAL during the last two years.

MR. THOMAS JONES has been appointed to the reconstituted Chair of Economics in Queen's College, Belfast. He has been assistant to the Professor of Economics in the University of Glasgow, and has reviewed a number of books on social subjects for this JOURNAL.

DR. GILBERT SLATER has been appointed resident Lecturer in Sociology at Ruskin College, Oxford.

RECENT PERIODICALS AND NEW BOOKS.

Journal of the Statistical Society.

- JUNE. *Statistics of Women's Life and Employment.* MISS B. I. HUTCHINS. The increasing number of women 'occupied' varies with age and other attributes, especially marriage, by which, as Frau Gnauck-Kühne has shown, the industrial life of women is often "split in two." *The Meat Supply of the United Kingdom.* R. H. HOOKER. *The Increase in the National Consumption of Water.* W. R. B. BALDWIN-WISEMAN.

The Economic Review.

- JULY. *The Belgian Detention Colony at Merxplas.* REV. J. C. PRINGLE. *Co-operative Credit in India.* D. A. BARKER. *Child Labour in Factories and Workshops.* F. W. BAGGALLAY.

The Contemporary Review.

- JULY. *The Causes of Unemployment, II.: Trade Unionism and Over-supply of Unskilled Labour.* H. STANLEY JEVONS. The second of the deep-seated causes of unemployment is the action of powerful trade unions in maintaining high wages not justified by the state of trade.
- AUGUST. *The Causes of Unemployment, III.: Trade Fluctuations and Solar Activity.* H. STANLEY JEVONS. The writer maintains that his father was correct in connecting commercial fluctuations with changes in the sun's heat; but the connection is not so simple as he supposed. Acceptance of the solar theory of the trade cycle points to the adoption of a fluctuating wage rate.

The National Review.

- JULY. *The Budget and the Land.* E. G. PRETYMAN, M.P.

The Nineteenth Century.

- JUNE. *The Budget of 1909.* HAROLD COX, M.P.
- JULY. *Are the Death Duties an Economically Sound Form of Taxation?* SIR FELIX SCHUSTER, BART.
- AUGUST. *The Missing Essentials in Economic Science, III.* W. H. MALLOCK.

The Quarterly Review.

- The Budget.* SIR ROBERT GIFFEN, F.R.S. The necessity for additional revenue is questioned. Even as to debt reduction, "the

more we reduce our debt the easier we make it for Germany to raise the loans which it employs in war preparation." The proposed method of raising revenue errs by increasing direct duties and neglecting *moderate* indirect duties. "In the last ten years the coal duty and the corn duty have been wantonly sacrificed." The land taxes, the taxation of capital, and other features of the Budget are also severely criticised. Increased indirect taxation does not mean Protection.

The Women's Trade Union Review.

- JULY. *Some Aspects of Women's Life and Work.* Miss B. L. HUTCHINS. It is maintained that widowhood might be largely diminished by the prevention of dangers to men workers.

The Quarterly Journal of Economics (Boston).

- The Proposal for a Central Bank in the United States.* O. M. W. SPRAGUE. A central bank does not appear to be required. It would not prevent financial troubles. *Variability in the Distribution of Wealth and Income.* W. M. PERSONS. Pareto's law does not describe the distribution of estates as closely as that of incomes; and even for incomes (as distinguished from the *logarithms* of incomes) is far from accurate. As the measure of inequality there is recommended the "coefficient of variability"—the "standard deviation" divided by the arithmetic mean. *The Sliding Scale of Wages in the Cotton Industry.* J. T. LINCOLN. The plan has weathered now the abolition, now the reduction of wages. It makes the two parties realise their community of interest. *Local Discrimination in Transportation.* W. Z. RIPLEY. The anomaly of low through rates is not always so defensible as in Hadley's classical oyster case. The competition of goods from different regions in the same market forms a distinct case. Several cases adduced in the author's *Railway Problems* are here made additionally clear. *Socialism and the Class War.* JOHN MARTIN. The evils of society are to be reformed separately, not by the class war which American Marxists proclaim. *Coffee Valorisation in Brazil.* LINCOLN HUTCHINSON. The plan of purchasing on behalf of Government and holding for better prices large quantities of coffee has not worked well for the State of Sao Paulo.

Political Science Quarterly (New York).

- JUNE. *Marxism v. Socialism.* V. G. SIMKHOVITCH. *College Women and Race Suicide.* The conclusion of this study is negative. The statistics fail to establish any correlation between the higher education and matrimony or maternity.

Journal of Political Economy (Chicago).

- JUNE. *An Economic History of the Illinois and Michigan Canal* (continued). J. W. PUTNAM. *Exhausted Farms and Exhausting Taxation.* H. J. DAVENPORT. The exclusive taxation of real property leads to the "depletion of soils" lamented by the Commission upon Country Life. *Abstract Economics according to Schumpeter.* A. S. JOHNSON. Referring to the work recently reviewed in the ECONOMIC JOURNAL.

The Yale Review (Newhaven).

AUGUST. *Railway Freight Rates*. MAURICE H. ROBINSON. *Fire Insurance Rating*. L. W. ZARTMAN. *The Causes of Emigration from Greece*. H. P. FAIRCHILD. Several economic causes are specified. *The Significance of Advertising*. F. DWIGHT.

American Academy of Political Science (Philadelphia).

The July number deals with *Race Improvement in the United States*. There is a supplement on *The Consumer's Control of Production* (the work of the National Consumers' League).

Journal des Économistes (Paris).

JUNE. *La nouvelle loi allemande sur les opérations de bourse*. M. E. S. *Les inutiles complications de l'impôt sur le revenu*. J. G. HENNETT.

JULY. *Les retraites des chemins de fer*. G. DE NOUVION. The French railway companies have voluntarily made provision for superannuated servants. *L'industrie des transports maritimes*. H. L. FOLLIN.

AUGUST. *Causes de décadence des peuples modernes*. C. DE MOLINARI. *Le nouveau projet sur le régime des mines*. A. MOSSÉ. *Le Budget de la ville de Paris pour 1909*. E. LETOURNEUR.

Revue d'Économie Politique (Paris).

MAY. *Un nouveau livre sur Proudhon*. E. DOLLEANS. Referring to Prof. Droz's new book, *L'Évolution du Proletariat industriel en Hongrie*. G. L. JARAY.

JUNE. *Monnaie, propriété et valeur en régime socialiste*. A. PINARD. The intimate connection between money and private property is exhibited. *L'état et les compagnies de navigation subventionnées*. A. JOINLAMBERT. *Les Associations pour la défense des intérêts patronaux en Allemagne*. L. DECHESNE.

JULY. *Conflits entre la Convention sucrière de Bruxelles et les traités de commerce*. F. THIBAUT. *La maternité et l'évolution capitaliste*. J. ST. LEWINSKI. *Les crises et la statistique*. G. FRANCOIS.

Revue Économique Internationale (Brussels).

MAY. *Le prix des denrées alimentaires en France*. E. LEVASSEUR. The variation in the price of food in French lycées is traced by appropriate index numbers from 1880 to 1908.

JUNE. *Statistique des batailles et des pestes causées par la guerre depuis trois siècles*. E. LEVASSEUR. Is war more bloody now than formerly? Answers to this and other momentous questions are deduced from Dr. G. Bodart's *Kriegslexikon*.

JULY. *Les chemins de fer en Italie*. P. TAJANI. The State management of the Italian railways is not a failure.

Jahrbuecher für Nationalökonomie (Jena).

MAY. *Ueber den Einfluss des Getreideterminhandels auf die Getreidepreise*. A. FRÜCHTLING.

- JUNE. *Ueber Handwerkegilden und Verbrüderungen in Spanien.* R. LEONHARD. *Die Brotpreise in Berlin in den Jahren 1899-1908.* H. GURADZE.
- JULY. *Die Ziele des Statistischen Vorgangs- und Zustandsbeobachtung.* K. SEUTEMANN.
- AUGUST. *Die Reichsversicherungsordnung.* M. WAGNER. *Frauenbewegung.* M. MEYER.

Jahrbuch für Gesetzgebung (Leipsic).

1909. HEFT III. *Das Problem gesetzlicher Aufnahme der Barzahlungen in Österreich-Ungarn.* I. VON MISES. A study on the "Devisen-politik" and other aspects of the Austrian monetary system by the author of the article on that subject in the June number of the ECONOMIC JOURNAL. *Das Britische Patentgesetz von 1907.* FELIX DAMME. *Das Englische Kindergesetz.* HELEN SIMON.

Archiv für Sozialwissenschaft und Sozialpolitik (Tübingen).

1909. HEFT III. *Siedlungsfragen und Eingeborennenpolitik, I.* MORITZ J. BONN. A study on Colonial policy, with reference to native populations.
- MAY. *L'exercizio 1907-8 delle ferrovie dello Stato.* N. TREVISSONNI. "Disorder and waste are the only things that go on with regularity on the State railways." *Intorno al calcolo della ricchezza privata dell' Italia.* G. MORTARA. To apply the usual measurements of a country's wealth, where evasion is largely practised, is to proceed like the boy who tried to measure the sensitive horns of a snail with an elastic band. *Sulla curva di distribuzione dei redditi, I.* A. BENEDEUCE. A discussion of Pareto's income-curve is initiated. *Per una nuova questione sociale: Le classi medie.* B. SCARSELLI.

Giornale degli Economisti (Rome).

- JUNE. The seventy-fifth anniversary of Leon Walras' birthday (an occasion to which reference was made in the ECONOMIC JOURNAL, June, 1909) is the theme of this number. The most distinguished Italian economists and statisticians—Barone, Bodio, De Viti de Marco, Pantaleoni, and others—express their admiration for the great mathematical economist. "The model that he was the first to furnish for the comprehension of economic phenomena, the theory of economic equilibrium, constitutes the greatest advance which our science has made since the impulse given to it by Ricardo." The articles in this number of the *Giornale* are designed as a homage to M. Walras. *Apprezzamenti di Theorie Matematiche.* F. Y. EDGEWORTH. A translation of articles published in the ECONOMIC JOURNAL, 1908. *Sulla curva Paretoiana dei redditi.* V. FARLAN. An investigation of hypotheses accounting for the "income-curve" which Prof. Pareto has established as a fact. *Sulla Teoria della distribuzione di frequenze.* C. BRESCIANI. A study in the theory of frequency.
- JULY. *Ferrovia di Stato e Finanza in Italia.* N. TREVISSONNO. In reply to Prof. Flora's contention in the *Riforma Sociale*, that

the Government management of the Italian railways was no failure. *Il programma dell' Amministrazione per le tasse sugli affari.* V. TANGORRA. *Gli incrementi di valore nelle azioni industriali e il sistema tributario Italiano.* B. GRIZIOTTI.

NEW BOOKS.

BANKERS, INSTITUTE OF. Questions on Banking Practice. London: Blades. 1909. Pp. 607. 10s. 6d.

[1646 Questions extracted from Vol. I.—XXX. of the Journal of the Institute are here published under the authority of the Council, together with the answers which are often given in the words of their Counsel, Sir John Paget.]

BUDGET. The Budget, the Land, and the People. The New Land Value Taxes Explained and Illustrated. A Complete Guide to the Great Question of the Day. With a Preface by the Right Hon. D. Lloyd George, M.P. Issued by the Budget League. London: Methuen. 1909. Pp. 92.

[The work is described in the Chancellor's preface as "a concise and well-founded account of the subject." The author concludes that "even if no fresh revenue were needed," the Taxation of Land Values "would be imperative on social and economic grounds." "To absorb into the body of worker, that residuum of unemployed who tend continually to bring wages down . . . the widening of the whole field of employment . . . a large scope for the application of labour to land . . ." such are some of the advantages expected.]

CURTLE (W. H. R.). A Short History of English Agriculture. Oxford: Clarendon Press. 1909. Pp. 372.

DEVINE (E. T.). Misery and its Causes. London: Macmillan. 1909. Pp. 274.

KELTIE (J. SCOTT), *Editor*. The Statesman's Year-Book. 1909. London: Macmillan. 1909. Pp. 1,404.

[Among the new features are the changes which have occurred in the Congo, Turkey, China, Persia and other States. The bulk of the volume has been somewhat diminished, without its utility being impaired.]

LEWIS (FRANK W.). State Insurance. London: Constable. 1909. Pp. 225.

MURHEAD (JOHN H.). By What Authority. With an introduction by Sir Oliver Lodge. London: P. S. King, Westminster. 1909. Pp. 86.

PIGOU (PROF. A. C.). The Policy of Land Taxation. London: Longmans. 1909. Pp. 32.

[Deductions from first principles lead to some practical conclusions. "Public annual value of land is a more suitable object for taxation than public capital value." . . . "Imposts upon increments in the public value of land which are so large as to involve beyond reasonable doubt a considerable element of windfall may also be levied with advantage."]

POOR LAW CONFERENCE. Report of the Proceedings of the 37th Annual Poor Law Conference. London: King. 1909. Pp. 188. 1s.

[Noticed above.]

RADFORD (G.). Agricultural Population. London: King. Pp. 74.
[Reprinted from *Our Land*.]

SCOTT (W. R.). *The English Crown Finances, 1558—1603.* Edinburgh: Blackwood. Pp. 85.

[A lecture delivered before the Scottish Society of Economists, reprinted from the *Accountants' Magazine*.]

WEBB (C. A.). *Valuation of Real Property.* London: C. Lockwood. 1909. Pp. 307.

WILSON (H. RAYNOR). *The Safety of British Railways.* London: P. S. King. 1909. Pp. 240.

AMERICAN ECONOMIC ASSOCIATION QUARTERLY. *Papers and Discussion of the Twenty-first Annual Meeting.* Amer. Econ. Assocn., Princeton. 1909. Pp. 432.

[Among the subjects discussed are *The Theory of Collective Bargaining, Accounting Water Transportation, Control of Public Service Corporations*.]

BLACKMAR (F. W.). *The Elements of Sociology* (The Citizen's Library). New York: Macmillan Co. 1908. Pp. 445.

[The writer is Professor of Sociology and Economics in the University of Kansas.]

CHAPIN (R. C.). *The Standard of Living Among Working-men's Families in New York City.* New York: Char. Publs. Comm. 1909. Pp. 372. \$2.

[About four hundred schedules gathered by social workers under the direction of a committee of the New York State Conference of Charities and Corrections have been tabulated by the author.]

NEARING (SCOTT), and WATSON (FRANK D.). New York: Macmillan Co. 1908. Pp. 499.

[The authors are instructors in Political Economy in the Wharton School of Finance and Commerce, University of Pennsylvania. They acknowledge themselves indebted to the inspiration of Professor Simon N. Patten.]

SCHAPIRO (DR. J. S.). *Social Reform and the Reformation* (Columbia University Studies). New York: Columbia University. 1909. Pp. 160.

WOOLSTON (DR. H. B.). *A Study of the Population of Manhattanville.* Columbia. Pp. 158.

AFTALION (PROF. A.). *Essai d'une Théorie des Générales et périodiques.* Paris: Larose. 1909. Pp. 99.

[Reprinted from the *Revue d'Economie Politique*.]

GUYOT (Y.). *L'industrie des chemins de fer.* Paris: Alean. 1908. Pp. 39.

GUYOT (Y.). *La crise des transports. Illusions et réalités.* Paris: Alean. 1908. Pp. 86. 2 fr.

GUYOT (Y.). *Le commerce et les commerçants.* Paris: Doin. 1909. 5 fr. net.

LAGARDE (P.) et BATARDON (L.). *Les sociétés commerciales.* Paris: Dunod. Pp. viii+372. 9 fr.

MARX (K.). *Contribution à la critique de l'Economie Politique.* Traduit par LAURA LAFARGUE. Paris: Giard and Brière. 1909. Pp. 354.

[The title is sufficiently explanatory of this edition of Marx's work, published in the series of the *Bibliothèque socialiste internationale*. It is based on the second German edition of Karl Kautsky.]

NEYMARCK (A.). Les émissions et remboursements d'obligations des six grandes compagnies de chemin de fer en 1907. Paris: Alcan. 3 fr.

NOGARO (B.). L'expérience bimétalliste du xii. siècle et la théorie générale de la monnaie. Paris: Larose. 2 fr.

HALLE (E. VON), *Editor*. Die Weltwirtschaft. III. Jahrgang. 1908: III. Teil. Das Ausland. Leipzig: Teubner.

[A worthy sequel of the publication reviewed above.]

HAMMACHER (DR. R.). Das Philosophisch-ökonomische System des Marxismus. Leipzig: Dunckler & Humblot. 1909. Pp. 730.

HANELD (FRITZ). Das Englische Gewerkschaftsrecht. Leipzig. Dunckler & Humblot. 1909. Pp. 131.

HARMS (DR. B.). Ferdinand Lassalle. Jena: Fischer. 1909. Pp. 128.

[Reviewed above.]

INAMA-STERNEGG (DR. KARL F.). Deutsche Wirtschaftsgeschichte bis zum Schluss der Karolingerperiode. Leipzig: Dunckler & Humblot. 1909. Pp. 755.

[A second revised and enlarged edition of the work published in 1879. Dr. Paul Inama has seen through the press the posthumous work of his distinguished father.]

JONESCU (DR. DIMITRIE). Die Agrarverfassung Rumaniens (Staats- und Sozialwissenschaftliche Forschungen, G. Schmoller). Leipzig: Dunckler & Humblot. 1909. Pp. 132.

KOWALEWSKY (M.). Die Ökonomische Entwicklung Europa's bis zum Beginn der Kapitalistischen Wirtschaftsform. IV. Die Zersetzung der Grundherlichkeit. Berlin: Prager. 1909. Pp. 512.

[The translation from the Russian original into German made by August Scholz is approved by the author. This fourth volume will be followed as soon as may be by the fifth and sixth, which will complete the work.]

KURTH (DR. HERMANN). Die Lage des Kaffeemarktes und die Kaffeevalorisation. Jena: Fischer. 1909. Pp. 162.

SCHACHNER (PROF. ROBERT). Australien in Politik, Wirtschaft, Kultur. Jena: Fischer. 1909. Pp. 464.

SINZHEIMER (DR. LUDWIG). Technisch-Volkswirtschaftliche Monographien. Leipzig: Klinkhardt. 1909.

[Dr. Sinzheimer is the editor of a series of monographs intended to exhibit the economic significance of the technical development which has taken place in different industries. We have before us the studies on the *brack* industry, the *shoe*, the *wool*, the *paper*, and the *celluloid* industries, each by a different writer and on sale separately.]

SOMLÓ (F.). Der Güterverkehr in der Urgesellschaft (Institut Solvay). Brussels: Misch & Thron. 1909. Pp. 186.

[The exchange, and more generally transmission, of goods among primitive peoples is studied in the light of observations on Central Australia, Tasmania, the Andaman Isles, &c. Communism and the so-called "silent trade"—"stumme Handel"—are found not to be original institutions. Exchange precedes Division of Labour.]

MÜRKAUF (DR. EMIL). Verlag und Heimarbeit in der Basler Seidenhandindustrie (Basler Volkswirtschaftliche Arbeiten heraus-

gegeben von Stephan Bäuer). Stuttgart: Kohlhammer. 1909. Pp. 275.

[A study on the silk industry in Basle with special reference to home-workers. An instructive introduction is contributed by Dr. Bauer, the editor of the series of which this is the first volume.]

SODA (DR. KÜCHIRO). Geld und Wert. Tübingen: Mohr. 1909. Pp. 176.

WEBER (DR. ADOLF). Die aufgaben der volkswirtschaftslehre als wissenensschaft. Tübingen: Mohr. 1909. Pp. 77.

WERER (ALFRED). Ueber den Standort der Industrien. Erster Teil. Reine Theorie des Standorts mit einem mathematischen Anhang von George Pick. Tübingen: Mohr. 1909. Pp. 216.

[On the principles governing the localisation of Industry.]

WILBRANDT (PROF. ROBERT). Volkswirtschaftliche Vorlesungen. Tübingen: Mohr. 1909. Pp. 150.

[The compressed substance of the author's lectures, in the University of Tübingen, on the theoretic side of the subject; though abstract conceptions and critical "Messerwetzeln" are deprecated.]

WAENTIG (HEINRICH). Wirtschaft und Kunst. Jena: G. Fischer. 1909. Pp. 434.

GERBINO (PROF. G. DE F.). Studii sui Prestiti Comunali. Palermo: O. Fiorenza. 1909. Pp. 223.

GINI (CORRADO). Il calcolo della ricchezza di un paese. Treviso: Zoppelli. Pp. 67.

GOBBI (ULISSE). La Società di Mutuo soccorso. Rome: Società Editrice. 1909. Pp. 388.

GORIA (G.). La cooperazione di classe fra i lavoratori in Italia, con prefazione di L. Luzzatti. Turin: Bocca. 1909.

PANTALEONI (PROF. M.). Scritti vari di economia. Serie Seconda (Biblioteca di scienze sociali e politiche, No. 72). Milan: Sandron. 1909. Pp. 476.

[A sequel to the similar volume published in 1904. Among the subjects of the constituent essays are the prospects of individualism in the 20th century—not so hopeless the author thinks: the International Institute of Agriculture (mentioned in the ECONOMIC JOURNAL, Vol. XV., p. 136); attributions of value in the absence of price as on the balance-sheet of a company; legislation on syndicates and the origin of exchange.]

PRATO (G.). L'evoluzione agricola nel Secolo XVIII e le cause economiche dei moti del 1792-8 in Piemonte.

ZUNO (N.). Economie e Stima delle Acque. Palermo. 1909. Pp. 63.

[An extract from the Proceedings of the College of Engineers and Architects in Palermo. The author is Professor of Rural Economy in the School of Engineers in that city.]

SCHUPROW (PROF. A. A.). Essays in the Theory of Statistics. St. Petersburg. This Russian publication, of which the title is here paraphrased, deals with the methods of induction and theory of causality, the law of great numbers, and other philosophical and mathematical principles of statistics. The author has lately been appointed Correspondent of the Royal Economic Society for Russia.

THE ECONOMIC JOURNAL

DECEMBER, 1909

SHIPPING CONFERENCES.

I.

It is now well known that many important branches of industry in England have been organised as Trusts, and that agreements and associations are very common on every hand. The researches of Mr. Macrosty have placed us in possession of facts which are being added to every month. But no "Trust problem" could be said to have arisen in this country, as it had done in America and Germany, until the Shipping Conferences drew public attention. I doubt if any evidence could be of greater interest or picturesqueness than that which was offered to the recent Royal Commission on this subject. We are dealing with a trade that is peculiarly British, which affects every other trade in a special way, and which has features not quite analogous to those of manufacture, or even of land transport. The American inquiry into Trusts does not touch this trade; and American writers on ocean transport pay practically no attention to shipping rebates. There has for some time been a keen but partisan discussion of the subject in shipping journals in this country; but, except for some references in the Committees on Shipping Subsidies, the recent Report is our first contribution to exact knowledge. It is a fascinating study of development and organisation. The economic issues are of the most delicate kind, and new light is thrown on the old problem of the "fairness" of free competition. The imagination is touched by picture after picture of the liner and the tramp—"swift shuttles of an Empire's loom, that weave us main to main"—the tea-boats at Colombo, the surf-boats at Lagos, the easy going and patient landing of the freights

for Western South America. A big ship is the finest thing we make. But this is the trade that has first brought us the problem of monopoly. To understand that problem some description of conditions is necessary.

II.

The distinction between the tramp and the liner has been enhanced by the Conferences to such a point that tramps have been practically identified with non-Conference boats. This way of looking at things would be fallacious, for more than one reason. In the first place, there are unions of tramp boats, as in the Baltic trade, as well as a sailing-ship union, to maintain equal conditions. What is of more importance is that there are not two kinds of trade but three, though there are only two kinds of boats to do them. We should beg the question at issue altogether if we assumed that the Conference boats only carried line cargo, which tramps could not economically take. If this were so, it would not be necessary to impose rebates in the line trade. The existence of this system admits that there is a trade which either tramps or liners can do. We shall see, too, that even the tramp trade proper is not secure against invasion by the liner.

It is the development of trade which brings about the separation of duties. The trade of a new district is usually rough, bulky, and irregular. There are not many merchants, and small boats will do. The exporter, when he has a sufficient cargo, fills a boat and sends it to the best market. His outward cargo, in turn, is the boat's return cargo; and the boat is available because it was expected or known that such a cargo was to be had. He cannot rely on the boat unless the boat can rely on him. This is tramp, or, more strictly, "charter" trade. The boat has no loyalty to any ports or routes; it may start outward not knowing its final destination; meantime its owners are looking everywhere for a return freight. Commonly it has a triangular route, one arm of which is in ballast. But it fills up with one cargo of one kind—that is the special feature of charter trade.

As the trade of a district develops, there is a more constant demand for the import of machinery and auxiliary materials, of the domestic goods of resident merchants, and so forth. The export in turn needs larger ships; and it increases in variety. If the import of harvesting machines comes from America, there is in return a set of the export toward America. This is the beginning of a line. For it is evident that, as boats increase in size,

it is more difficult for any one exporter to give a full cargo; others make up the space, with the same or different goods; and as soon as a cargo is composite in this manner, the time of sailing cannot await the convenience of any one exporter. There must be a fixed date; and then the fixed dates will repeat at more or less regular intervals. This is line trade, to and from definite places, with composite cargoes, at definite times. The old tramp boats may themselves become the new liners; this is quite common.

But a line trade does not dispense with a charter trade. Full cargoes may constantly be obtainable, and they will attract the tramp boats to come there directly, or from a near port at which they have unloaded. In the competition of the two trades, the liner will tend to get the long contracts, since the tramp is less able to bind itself ahead; and it has the advantages in speed and facilities which bigger boats can offer. In this there is no great difference from any other trade, where long contracts and chance bargains go in and out with each other.

But there are intermediate forms of trade which considerably affect the question. It is not through love of a roving life, but through the necessities of freight, that the tramp goes hither and thither. If it can get a guarantee it will take it. And we find that there are season trades—like cocoa and cotton—to which a boat will attach itself for a time, practically as a liner in full cargoes. Or there may be a special demand for cement for harbour works in Brazil for some months, in which case a tramp will be ready to take the contract. It is the freight that commands the boat, whether liner or tramp. And just as the tramp may run in a line for a season, the liner will pick up a tramp cargo if it can. Eastern liners, if not full up, will call at Barcelona for oranges; Brazilian liners will pick up iron ore at Rio. Or, again, in busy times the lines will charter tramp boats for a season.

In between charter and line cargoes comes a form of trade that may be of great importance—the berth trade. This is line cargo carried under tramp conditions. The boat does not sail regularly; it goes “on the berth” until it has a sufficient freight, from many sources, of mixed cargo. Not all line cargoes are in a hurry; a boat on the berth will do, provided the time of its sailing is not very greatly delayed. And as the loading of boats is done by brokers who are in touch with many customers at once, it is clear that a cargo may be found for a boat of this kind without great difficulty, and that there is a place for it in the organisation of the trade. It is cheaper because it is slower; it may touch

somewhere else for more cargo, and discharge at more than one place.¹

As a rule the liner is the bigger, faster, and better-equipped boat. But this cannot always be assumed, since many a liner has been a tramp, and may revert to vagrancy, or go on the berth. That "the liner is a lady" is certain, oddly enough, only if she is a mail boat. The best cargo boats are bigger and better than many liners. In recent times steam and the telegraph have made rapid changes in the efficiency of the whole trade; competition has compelled the line boats especially to become larger every decade, and the economy of big boats has been great enough to make it necessary to deepen, at very great cost, the chief European ports, fitting the waterways to the ships, instead of the ships to the harbours.

III.

The extent to which each kind of shipping would naturally exist in a country's trade varies with the position and chief products of that country. A good deal of dovetailing would take place, tramps being called at times into the line trade, or liners going on tramp or to other routes. This would be an economy, since, with an absolute separation of the trades, the lines would need to maintain and charge on their rates the maximum line tonnage needed at any time, and so with the tramps. Nations vary considerably in the extent of their line trade. In England, from two-thirds to three-fourths of the tonnage owned, and about half the value, is tramp tonnage. In Norway and Sweden the ratio is still higher. France and Germany have a growing preponderance of line boats. America is served by British line boats, often on time-charter. Her own mercantile marine is steadily diminishing in tonnage.

That the lines would have, in the usual case where trade is of all kinds, a natural advantage in the carriage of finer goods and general mixed cargo, is admitted in both the evidence and the Report of the Commission. The Majority Report dwells on this natural advantage as regards both the outward and inward trades of this country. Thus the homeward trade from the Cape, the tea trade from the East, and the North Atlantic trade, belong

¹ v. Mr. Russell Smith's *Organisation of Ocean Commerce*, ch. iv. The berth trade is not, I believe, referred to in the recent Report. The Conference system has practically made it appear that there are only two kinds of trade. I think the tramp owners who gave evidence *may* have had the berth trade in their minds, as well as the charter trade.

by nature to the liners. But in the great mass of our homeward trade, since it consists of the rough goods which are the raw materials of our industry, the tramp can always find full cargoes, and is, in fact, indispensable. In our outward trade coal, cement, or iron goods in bulk are similarly the tramp's business; and she may expect a share of the berth trade.

If the liner, by the nature of her service, has a natural advantage for a certain kind of trade,¹ and a fair hold on others, the amount of line tonnage would naturally adapt itself, as investment does everywhere, to all these expectations. The line rates will be fixed so as to allow for the maintenance of a regular service during both good and bad seasons. There will, of course, be incidents of competition between line and line, or liner and tramp: from these no trade can be free. But, on the whole, we find in the shipping trade what we find elsewhere: that every business has "its stronghold, its outworks, and its field of battle."² The liner may carry line cargo, berth cargo, or tramp cargo. Under open conditions, such as exist in the export trade of America, the interplay has not destroyed trade stability.

IV.

Competition in the shipping trade has been very greatly increased since the steamboat superseded the sailer. Charter rates are subject to great fluctuation, through the conditions and uncertainty of the trade. In the line trade it is possible that the bounties granted by other countries on navigation and tonnage may have overstocked the market. But other causes can be shown that are less artificial.

The import trade of this country consists very largely of raw materials, or rough cargo. The export consists mainly of manufactured products that occupy far less space in proportion to their value. The homeward trade therefore requires more ship's room than the outward; in other words, more ships arrive than there are back freights for. There is therefore a keener competition for outward cargoes; in fact, the competition is of the most intense kind, even under Conference conditions. It is therefore no matter for surprise that what happens in other trades happens also in the outward shipping trade; combinations are formed to prevent demoralisation of rates. No special importance attaches to that. There is another case in which combination is to be looked for: that of a country which is on a commercial highway. The supply

¹ v. Majority Report, par 30.

² v. my *Industrial Combination*, pp. 54-5.

of tonnage here is sure to be very great; and, if it has important products of its own, the rates will clearly tend to rule exceptionally low. This is the case at Colombo and Singapore. There is a line boat home from Colombo every day; the conditions of the tea trade there are quite different from those prevailing at a terminus like Calcutta. Even in the homeward trade, therefore, we find combinations of line owners to hold rates up. So far, this is again matter of course.

As regards their internal arrangements—the agreements between the parties—Shipping Conferences are less strongly organised than either Trusts or Cartels. They are agreements on certain points, especially the level of rates. The chief other points are: the regulation of sailings, the division of areas, the fixing of “Conference ports” to or from which alone goods are shipped, and the terms of rebates or contracts with their clients. In some cases there is a pooling arrangement, and we are specially indebted to the Commission for introducing us to “Davis.” But neither “Davis” nor the “Yorkshire and Lancashire Goods Pool” has the compactness of scores of Cartels. The companies deal with the shipper directly, not through a bureau. In only one case are the rebates claimed from the Conference as such. Many of the Conferences include foreign companies, so that rates are kept even from British and European ports, and spheres of influence are defined.

A very large block of our shipping is untouched by the Conference system—the Continental and North American trades being otherwise conducted. The passenger traffic is in both cases a special feature, and one which gives, in the case of America, a commanding position to the line boats. Our trade with Western Europe is practically coasting. The Shipping Trust lies outside our consideration; it has no rebate, and was not reviewed by the Commission. What is of importance is that the Conference system applies to our trade south of the line, and especially “East of Suez.” This is our trade with developing countries in the great markets of international competition. It must be allowed, however, that Conferences *per se* were inevitable, and have no special features thus far.

V.

A special feature appears in the “deferred rebate,” the method by which all Conferences are conducted. There are analogies to it in the policy of some of the great Cartels, like the Coal Cartel, but the system has been applied in the shipping trade

with far more rigour and effectiveness. All the other arrangements of Conferences are profoundly affected by it, because they now become compulsory impositions on customers. It is one thing to say that the Conference boats will only go to or from certain ports, quite another to add that the penalty for shipping from any other port is hundreds or thousands of pounds.

Industrial combinations have two standard methods of fighting an opposition—the local cut of prices, and the “all or none” condition. The tramp is too cheap and ubiquitous for the former method to be of much use in the shipping trade; it is against new lines that rates have had to be cut. The “all or none” condition is possible to the great industrial combines, because the outsiders could not supply the trade; their margin is perhaps 20 per cent. of the output. But tramps preponderate in the shipping trade, and such a condition by itself would lead the tramp owners to run in lines and add new boats. The deferred rebate is the solution of the problem of monopoly for the Conferences; and some brief description is necessary, since we are now in possession of full details.

Shipping rates are quoted net, and a “primeage” of 10 per cent. is added. The origin of this is lost in antiquity. If a rate is 40s. per ton the shipper really pays 44s. The freight is paid at once at this end. The Conferences offer a rebate of 10 per cent. of the net freight, which is one-eleventh of the actual freight paid, to all shippers who deal exclusively with Conference boats. The account is kept half-yearly. On the first of July a shipper sends to each line with which he has traded a statement of his shipments and the freights paid since January; this statement is prefaced by a declaration that he has on no occasion exported one single ton by any non-Conference boat. If the claim is correct, he is entitled to his rebate. But he does not get it for another six months. And he will not get it then, unless he has been “loyal” to the Conference for the intervening period as well. The rebates of a big firm amount to several thousands of pounds at a time. The deferring of payment of the rebate brings it about that there is no day in the year on which a shipper can settle up with the Conference and begin with a free hand. The effect of one outside shipment is, in the average case, as if he had had a preferential rate of 9 per cent. against him for nine months. In some cases loyalty is required from the exporter only who signs the declaration; in some also from the agent who forwards his goods; in some also from the consignee. That is, the condition can be and sometimes is so stringent that rebates are lost by an

exporter who shins to a consumer or through an agent who has otherwise been disloyal. As a rule the outward trade is distinct from the inward for rebate purposes; in the West African trade, however, loyalty is required both ways.

It is of interest to note the exemptions. Rebates may not be forfeited by an exporter who has enough cargo to charter a tramp for himself; in some trades they are, in others they are not. There are many non-rebate goods which may come by tramps in the homeward trades. Forced shipments may also be exempt if the exporter has been obliged by the consignee to use an outside boat. Representation must be made to the lines of such cases.

Sometimes the rebate is paid on the basis of a contract, as in the Calcutta tea trade; as a rule there is no contract, the merchants merely sign the declaration. There have been very few cases of forfeited rebates; the tie is very effective.

Interest is not paid on rebates for the period of deference. This raises an interesting point, often pressed in the evidence. Whose money is the rebate? The merchants claim that the lines are keeping back "our money," and profiting by the interest during the six months after it has been earned. The lines reply it is not their money until the complete conditions of loyalty are fulfilled. Earned money is not payable unless a further sum is earned. In fact, a good deal depends in this respect on the particular manner in which trade is done. The freight, it has been said, is paid in full at this end at once. If it is charged forward to the consignee it is he who ought in time to obtain the rebate; and this is commonly brought about, the agent at this end collecting it. But many consignees are small men, or natives, or up-country dealers, and they are liable, by ignorance or by shifting, not to obtain the rebate on their freights. They would be in a better position to claim if the invoice were compelled to include an absolutely full statement of all allowances. But in some cases the exporter allows for the rebate; that is, he quotes to the consignee at a price lower by 9 per cent. of the freight. The rebate is then "his money"; his accounts are not squared if he does not get it back. When it amounts to some thousands the interest is a considerable factor.

It is clear also that the amount of rebate sacrificed by a disloyal shipment bears no relation to the loss of profit thereby incurred by the line. It is not of the nature of damages. The lines might at times—toward the end of a half-yearly period—stand to gain by the disloyalty of a big customer. The latter must then cover himself by beating down the rates at which he

contracts with charter boats, who will bear the whole or a great part of the loss.

VI.

The Majority of the Commissioners support the contention of the Conferences that this system, or some similar tie equally effective, is necessary to the maintenance of an efficient line service.¹ The Minority do not accept this. The argument is of great interest, and it is plainly a significant thing that a Royal Commission should positively advocate the continuance of a boycott in so great an industry. A powerful *a fortiori* argument is furnished to combinations in other trades. And if the reasoning of the Majority is correct, might it not be claimed that here is another "fact for Socialists"?

It must be added here that practically no alternative is open to merchants but to use the lines for the great bulk of their outward trade. They cannot go into the shipowning business themselves; it is too different a trade. Nor can they combine with other merchants to run ships, since other merchants are either their competitors or are in an entirely different trade. Nor can they usually charter a full ship for themselves, since outward cargo goes usually in small consignments. Besides, the initial expense of breaking away is itself deterrent, since disloyalty to any one line involves loss of rebates due from all the lines in that Conference.

It has been seen that, by the facilities they offer, and the tramps do not, the lines naturally attract a great part of our trade. These facilities are their means of competing. The amount of line tonnage ought to correspond to the demand for such facilities. The cost of these facilities, in view of a whole year's working, would be charged in rates. These rates, and the amount of line tonnage, would take account of the presence on every route of slower and irregular and cheaper boats, for which there is also a demand. This reasoning would seem to follow from what is said in the Report itself as to the distinction of line and tramp trade. For the real claim of the rebates is that there shall be no tramp trade, or berth trade, outwards at all, except in exceptional cases, like coal. The effect is that a great part of our export trade, which would go by tramps loading on the berth, must now go by

¹ It is noteworthy that the natural advantages of liners for certain kinds of trade are in one place quoted by the Commissioners as a reason why there is no rebate—e.g. in the North Atlantic trade; and in another place as a reason why the rebate "has been easy to impose." (Par. 54 and 55.)

liners, and therefore at higher rates. As the liners are carrying the tramp cargoes, more of them exist than are needed for the line trade, and, *therefore*, they cannot *now* afford to lose the tramp cargoes, and must protect them by continued rebates. It is clear that the whole argument for the maintenance of the *existing* line facilities is at least liable to beg the question when used in support of rebates. And indeed I do not myself see how otherwise we are to interpret the remark of the Commissioners that, since a certain trade is mainly a line trade, *therefore* it has rebates which protect it from tramps. No one, of course, doubts that, given a line-monopoly, the companies will be able to elaborate their service and their facilities. But the question is whether, given that there is a need for different kinds of trade and forms of service, one of these services, and that the more expensive, can only be maintained by the suppression of the others. The Majority Report replies that this is the case on certain trade routes.

VII.

The Conference lines do not undertake, as a rule, any obligations in return for the loyalty of shippers; only in the Cape trade has there been anything in the nature of an understanding given. The chief claim made in this respect is simply that they are liners; that is, that they are fast boats running regularly. This by itself leads to the conclusion given above—that a line and a tramp trade cannot coexist on the same routes. It appears to me a valid reply that “certainly you are liners, but we are the tramps.” It is of interest, however, to note *special* facilities which, it is claimed, the rebate system enables the lines to grant.

The chief of these are uniform rates and steady rates. There are no preferences, and little fluctuation. This claim is always made by combines. Cartels usually fix prices for long periods, and this has been one of the most vexed questions of debate in Germany. In no combine that I know of has it been possible to carry out a policy of quite equal treatment; competitive forces have been against it. It is therefore a familiar discovery that in the shipping trade the exceptions turn up. Preferential terms have been given to large contractors, especially municipalities; in one trade there is a “reserve tariff” of goods not quoted at all, the rate being in each case a matter of arrangement; the rebate has been used as an “evener” of traffic, a higher rebate, and therefore a lower freight, being offered to goods from certain ports. As regards the steadiness, it has to be remembered that shippers

who are booking orders ahead can contract at existing rates, whatever be the future quoted rate; even if the quoted rate falls, and it is as likely to rise, their business is done and their contract made with the consignee. The steadiness of the rate, too, must depend on the internal harmony of the Conference; with amusing frequency a fluctuation is ascribed to "a fight." The right to alter rates without notice, rebates being meantime held, is expressly claimed in the evidence of two of the largest companies. Absolute exclusion of the berth and tramp trade seems at any rate a high price to pay for steadiness, especially since the steady rates of a monopoly rule high, and tramp cargo is already subject to a higher rate than necessary, simply because the liners take it. As to line cargoes themselves, small parcels of finished goods, the rate is a lower ratio of the value, and so many other costs may fluctuate—labour, materials, and so forth—that excessive importance need not be attached to steadiness. A Conference of owners in a trade for which their boats have natural advantages could surely arrange a sufficient degree of steadiness without a boycott. No trade can expect to be free from incidents of competition. If it is true that the absence of the rebate would bring so many tramp and berth boats into our outward trade as to demoralise line rates, this can only mean that there are too many liners for the business; that a tramp thrice a week is better than a liner every Friday; since after all, it is the date of arrival out there which matters more than the speed of transit. If there is a demand for both kinds of transport, these things work themselves out, and the line trade finds what rates it will bear.

In all arguments regarding the facilities granted by Conferences, not only the restrictive effect of the rebate, but also the fact that berth cargoes are being carried by a form of transport which is too good for them, has to be remembered. None of these facilities is obligatory, and most of them are the natural arrangements of Conferences in their own interests. And from such of these arrangements as are also convenient to merchants must be deducted such as are extremely inconvenient, especially the restriction of sailings to and from a limited number of "Conference ports." Thus a Leith merchant must send his goods by rail to Glasgow, since Leith is not a Conference port, and shipment from Leith would sacrifice rebates. It is also to be noted that the rebate system prevents the competition, not of tramps only, but also of new lines. A new line has to fight its way into a Conference, and can do so only if it has tonnage enough to be formidable. If, then, it is finally admitted, rates must cover the

cost of maintaining larger fleets, for all of which there is not full employment—a familiar fact in the Cape trade, and very similar to all Trusts and Cartels. Some of the extra tonnage is practically dumped on the American trade, and runs from New York *via* England at rates less than the English rates—an old feature of combines called “foreign terms.” That this has not been a facility to English trade in general is admitted by all the Commissioners.

A monopoly which consists of only one-third or one-fourth of the supply of tonnage is, of course, a new thing. One of the tramp owners who gave evidence laid emphasis, as an explanation, on the simple fact that the rebate tie could not be got out of without great initial loss. It appears to me, however, that the line trade as such answers a special need, and that this is at the root of their advantage. Further, since the Conferences arose in shipping as in other trades as a defence against excessive competition, we cannot but conclude that the line tonnage is excessive for its own trade, and that the rebate system compels the filling of line space with berth cargo. Otherwise a tie of this kind should not be necessary. Besides the dumping of liners on America, there is direct evidence of an over-supply of line tonnage.¹

VIII.

A general view of trade combination shows that it spreads from level to level of industry, the higher trades in their turn combining to face the lower Cartels. We find very little attempt to proceed on this method in the trades dependent on shipping. Among merchants the conditions of a strong combination—localisation, fewness, similar output, and so forth—are usually absent. Three cases have existed of successful counter-organisation: at Bombay, Rangoon, and Singapore. These have very interesting features, but they are by the way. In our export trade, where the Conferences are strongest, this method is rendered impossible by variety of interest and wide scattering. In addition, the brokers and agents, who receive commission on both freight and rebates, are not interested in reducing these.

Integration being impossible, as has been said above, there remains only some method of conciliation, or the interference of the law. As to the latter, we have no reason from history for believing in legislation against combines. This has only led, as the Commission points out, to other and stronger combinations. Trusts and Trade Unions are the proof of this. The wise applica-

¹ *E.g.*, from Sir D. Currie.

tion of the common law is as much as we can expect here. The intricacy of shipping rates is the main difficulty; the considerations that have to be taken into account are unrivalled in complexity in any other trade. An anti-rebate law would only lead to some other equally effective tie. American legislation against rebates is of an entirely different kind, the rebate there being secret and preferential - 'smokeless,' as the phrase is.

There is the further reason for not intervening legally that the rebate has not yet been accompanied by a proper system of negotiation, as distinct from combination, on the part of merchants. It is true that in the Cape trade something has been done, and that there is hope of obtaining a properly guarded rebate with the consent of merchants and consignees. Evidence was also given of the success of a Merchants' Committee in the Australian trade, which was able to secure considerable concessions in rates.

The finding of the Commission has therefore been that it is the business of merchants to form committees for negotiation with the lines, and the Board of Trade will hold a watching brief for national interests. The lines, it must be admitted—the Colonial Conference showed this—are in a very strong bargaining position, and their representatives were by no means willing to allow anyone to fix rates but themselves. The finding of the Commission, and the powers suggested for the Board of Trade, must be the influential factor in the future of negotiations. But there is one feature which appears to me remarkable.

The Majority of the Commissioners have definitely pronounced for the rebate system. But this system itself is the crux of complaint. The lines will be able to claim that negotiation can only affect the conditions of the rebate, but that the system itself is to be taken for granted. Considering that the system has been imposed from the side of the lines, this result is very regrettable. Many other methods, like a progressive discount on the freight, might have been capable of discussion, which would not have continued the suppression of the tramp trade outwards from England. What are tramp owners to think of negotiations which assume that their chief grievance is waived?

Further, in view of the history of the question, it must greatly have helped to a friendly solution if a period had been set for each trade at which all earned rebates could have been claimed und deferred. Parties could then have entered into free negotiation. As it is, the lines will negotiate holding rebates as a bargaining reserve.

IX.

In the foregoing argument I have avoided any reference to "fair trade," and have described the facts purely on a business basis. It must, in fact, be accepted that the rebate system is simply a machine, and that, as things are, no individual line or merchant can help using it. My discussion is purely objective and impersonal. In the New Trades Combination Movement of 1896 a far more complete boycott than the rebate was introduced, and that in the name of fair trade and religion. If ~~my~~ fundamental principle is to be looked for in this matter, it must be based on national expediency, and the influence of the system on the man of whom least has been heard—the consumer. Negotiations of merchants and shipowners may very well neglect him. But he seems to me to furnish the final test. In writing elsewhere of the factor of bargaining strength, which is driving its coach-and-six through "economic harmonics," and enormously increasing the importance of the study of the "short run," I was driven to conclude that "competition through the consumer" gave the only clue to a principle.¹ I should now call it a principle of expediency rather than of fair trade. We have no ground for supposing that the economic or efficiency test is at work while he is not reached by all parties who offer to do him service. If this is really a principle, it is the more to be regretted that the Commission has not left the rebate itself a more open question for negotiation. Of two broad kinds of service—for each of which there is an economic need in the shipping trade—one is unable, in large sections of our commerce, to reach the consumer at all. This is the predominant fact to appreciate. Its result is seen in an attitude of Conference witnesses toward suggestions of negotiation—an attitude reflected in such statements of mercantile witnesses as that the lines must be approached "in a proper way," or even in the common use of the term "loyalty" itself—one for which we have not yet an English word, but which a French student of the Cartels describes as the "autoritatisme" of strong combines. Negotiation must wear this down, or the "fact for Socialists" will remain.

D. H. MACGREGOR

¹ *Industrial Combination*, p. 112.

THE ECONOMICS OF BOY LABOUR

There has been in the last few years a remarkable concentration of attention upon the circumstances surrounding the entry of youths into industrial life, and a disposition to see in them one of the causes of the prevalence of adult unemployment. Such a view is, of course, not a new one. It was urged by several witnesses before the Labour Commission of 1894; it was given considerable emphasis in the Report of the Royal Commission on the Depression of Trade in the eighties of last century; it has for a century been a fruitful source of the complaint of "overstocking the trade with boys" on the part of Trade Unionists; and in a more general sense a somewhat similar doctrine may, among others, be said to have lain at the root of those National and Municipal Regulations as to apprenticeship which were finally swept away in 1813 and 1835. But it has recently been developed at much greater length, and made the basis of a definite policy with regard to employment in the two Reports of the Royal Commission on the Poor Laws and the Relief of Distress, and in a Report on attendance at continuation schools, issued last August by the Consultative Committee of the Board of Education. Both the Poor Law Commission and the Consultative Committee took a large amount of evidence as to the conditions of employment among youths under twenty-one, and there is a striking unanimity of opinion between the three Reports. The Majority state that "the results of the large employment of boys in occupations which offer no opportunity of promotion to employment as men are disastrous. The boy, thrown out at 16, 17, or 18 or 20 years of age, drifts into the low-silled labour market or the army of unemployables." The Minority, after explaining that "they regard the perpetual recruitment of the unemployables by tens of thousands of boys, who, through neglect to provide them with suitable industrial training, may almost be said to graduate into unemployment as a matter of course, as perhaps the gravest of all grave facts which the Commission has laid bare . . ." go on

to allege as their final conclusion that "the mass of unemployment is continually being recruited by a stream of young men from industries which rely upon unskilled boy labour, and turn it adrift at manhood without any general or special industrial qualification." The Consultative Committee, whose report, though primarily an educational document, is of the greatest economic interest, draw an analogy between the danger of the child worker in the early nineteenth century and the dangers of the adolescent to-day, and sum up their own conclusions by saying (Vol. I., p. 219) that "it is clear to the Committee that the lack of continued educational care through the years of adolescence is one of the deeper causes of national unemployment." In the light of these weighty declarations it seems worth while to review briefly the economic characteristics and conditions of adolescent labour with a view to ascertaining how far the connection between it and unemployment, which they all assert to exist, can be established. The materials used in this article for such a review are derived partly from the evidence placed before the Consultative Committee and the Poor Law Commission, especially the valuable report on boy labour made to the latter by Mr. Cyril Jackson, but mainly from an inquiry, conducted in Glasgow by the writer and Mr. William Kennedy, in the year 1907. It is not my purpose here to propound a policy. That must wait until there is more general agreement as to the nature of the problems to be handled.

THE ENTRY INTO INDUSTRY : EXISTING CONDITIONS.

Before any opinion can be expressed as to the validity of the conclusions of the Poor Law Commission and the Consultative Committee, it is necessary to survey briefly the conditions prevailing among adolescents employed in industry. In doing so it is convenient to observe the time-honoured distinction between (1) learners or apprentices who are employed, not for their immediate commercial utility, but in order to maintain at a future date the supply of adult workmen in the industry (*e.g.*, apprentice masons, joiners, fitters, &c.); and (2) boys who are not being taught any occupations with a view to their practising it as men, but who are employed, to quote the words of an employer, "solely for their immediate commercial utility" upon some simple operation, and who, to distinguish them from boy learners, may be called boy labourers. As will be shown later, the distinction between these two classes of youths has for many years been

undergoing a gradual process of obliteration, and from its obliteration flow some of the problems with which the Poor Law Commission and the Consultative Committee were concerned. Nevertheless, it is convenient to begin by making it, because it corresponds to a real difference in the attitude of employers to the boys whom they employ. Class (1) is obtaining such instruction as the industry affords, whether that instruction is good or bad. Most employers in most trades where apprenticeship exists, look far enough ahead to be desirous of maintaining a supply (large or small) of trained adults, and therefore are usually at some pains to give their learners as good a training as the circumstances of the trade at any given moment afford, though they constantly fail to realise to how little that training may amount. Class (2) is normally obtaining in the workshop, no training at all, good or bad, such as will qualify the boys in it for future employment when they leave their present positions to seek work elsewhere.

(1) THE POSITION OF LEARNERS OR APPRENTICES.

The characteristic of the training by means of apprenticeship, which has been traditional in this country since the Middle Ages, is that the boy is at once learning and earning. He gets his education by being allowed to execute operations which have a market value. The obvious advantage of such a system from the point of view of the employer is that the boys receive a training which is practical, and that they learn the valuable lesson that a thing is no good unless it will sell. The advantage from the point of view of the boy is that while he is earning his living, he is also preparing for the future. This is the theory of the system, and it is on the supposition that this theory corresponds to the facts that the extension of apprenticeship as a preparation for a future career so frequently finds advocates at the present day. In reality, however, almost all the latest evidence drawn from the actual relations of industrial life goes to show that *even in those trades where apprenticeship nominally survives* there is little reason to regard it as a satisfactory method of industrial training. On the contrary, inquiry shows that several tendencies are at work to assimilate the position of the boy who is nominally an apprentice or learner to the position of the boy who is employed simply as a labourer. The most important of these tendencies may be summed up under the following heads:—(a) The gap between the school and the trade; (b) the

breaking-up of processes; (c) the difficulty of control; (d) the instability of industry. It is not necessary to say that they vary in importance from district to district and trade to trade.

(a) The gap between the school and the trade. In many industries at the present day employers do not take boys as apprentices until they are fifteen or sixteen. This is not the case everywhere or in all trades, but it is the rule in certain important centres of industry. In Glasgow, for example, the industries at which apprentices are taken at fourteen are painting, plumbing, printing (compositors), and iron moulding; the period of training is in these trades seven years. Most other industries take boys for five years and apprentice them nearer to sixteen than fifteen years of age. Since most working-class lads leave school not later than fourteen, the fact that they are not taken as apprentices till about sixteen means that a gap of two years usually intervenes before they settle down to learn a trade. During these two years they are engaged in temporary occupations which are no preparation for their future careers, which impose no responsibility or discipline upon them, and which are often of such a nature as to accustom them in youth to purely casual labour. That this is the case is clearly shown by tables of occupation entered by boys leaving school. Thus out of 250 boys leaving the elementary school in Glasgow, 53·6 per cent. became milk boys or lorry boys, 24·6 became unskilled labourers in one capacity or another, 12 per cent. became apprentices or learners. Out of 485 boys leaving London elementary schools 38·7 became errand boys, shop boys, or van boys, 28 per cent. entered low-skilled occupations, 11·2 per cent. entered "skilled" trades. It will be shown later that some of these occupations are harmful in themselves, apart from the fact that they give no kind of industrial education. But what it is desired to emphasise here is that it is a very serious thing that so many lads, on being released from the discipline of school, should enter occupations which are purposeless in the sense of being no preparation for future life. The existence of this gulf between the elementary school and the beginning of any kind of industrial training, which makes it necessary for them to enter these occupations, is an obstacle at the very outset of their careers; it prevents many from ever beginning to get any adequate training at all, and diverts the less firm of purpose into low-paid, casual, or otherwise undesirable employments. In the words of an engineer who was formerly a teacher, "In the two years between fourteen and sixteen a boy forgets most of what he has learned at school."

(b) The breaking-up of processes. The growing specialisation of processes makes it increasingly difficult for a boy who enters a workshop as an apprentice or learner to obtain a knowledge of the trade which he means to follow sufficiently general to make him a good all-round workman who can adapt himself to different classes of work and the varying needs of different firms. He tends to become unduly specialised at a very early age, with the result that if he is displaced from his particular job, he finds more difficulty in getting another than he would if he knew all sides of his trade. The motive to this further and further specialisation of all kinds of work, including that of boys who are nominally learners, is, of course, cheap production for a wide market. In the words of one employer, "to put an apprentice on a valuable machine is waste of money unless he is specialised to it, and in all trades the longer a boy is kept at the process the sooner does he begin to be economically profitable." The result of it is seen in a diminution of the opportunities for workshop education. Thus one firm states: "Boys are kept as a rule in their own departments. They are not taught; they are made to work." Another: "Boys are specialised from the beginning; to shift a boy proficient in one department to another would not pay."

Some firms make a sharp division between boys who are to get a general all-round training and boys who are to be kept to one department of the work. Thus, in a locomotive works employing about 4,000 men, and capable of turning out an engine per diem, there are three classes of apprentices:—(a) Premium apprentices (*i.e.*, lads who wish to occupy the higher positions in industry); these pass through all departments, moulding, pattern shop, and drawing office. (b) Privilege apprentices; these are lads who, either because they are exceptionally clever and keen, or because they are the sons of old employees, are moved from one department to another, and learn fitting and erecting, turning, boiler mounting, and possibly enter the drawing office. (c) The ordinary apprentices, who, of course, form the vast majority. They are apprenticed either as fitters, as erectors, or as turners; for in this firm specialisation is carried so far that fitting and erecting, which are almost always combined, are here separated. On entering the works the lad who is going to be a fitter goes straight to the fitting shop and learns nothing else; a lad who is going to be a turner goes to the machine shop and does not learn fitting. Moreover, within the machine shop, specialisation has proceeded still further. There are a large number of machines which are worked, not by men

who have served their time and acquired a general knowledge of machinery (*i.e.*, qualified turners), but by youths who are kept to a single machine, who become capable at that particular kind of work, and who, unless exceptionally clever, do not get a general knowledge of machinery or become competent to work a lathe. These specialised machine-minders form a growing proportion of the total number of mechanics employed in engineering works, owing to the continual invention of simplified machines adapted to the particular class of work done by particular firms; and some employers state that the "engineer" of the future will be a specialised machine-minder at 22s. to 28s. a week, instead of the man who has served his time and who earns 36s. The machine-minder may be either an adult labourer or a boy. At present the society in the trade does not allow lathes to be worked by any but qualified engineers. But on drilling, milling, slotting, punching, band-sawing, and screwing machines it is quite common to employ these specialised machinists who have had a few days' or even a few hours' training, and who are not competent to work any machine save that to which they are specialised. This tendency to narrow down the education of the learner to a single process, and thus to lessen his opportunities of obtaining a general all-round training, is not confined to engineering. The same thing has happened in the case of the boys employed in wood-working industries where much machinery is used. Thus a timber merchant employing sawyers in one department and cabinet-makers in another states: "There is no regular training system; a boy learns incidentally and is only shifted from one machine to another when the shop needs it; there is thus a tendency for boys to become specialised on one machine." This firm gave as an instance of the length to which specialisation had proceeded the fact that one of its employees was the best producer of wooden rings in his town, but could not make a wage at turning a table leg, and adds that "with the exception of a few old men who were trained under the apprenticeship system the foremen are the only men with all-round skill." Again, in the case of bread baking, it is stated that "all-round men are not trained in the town shops," and that the best men come in from the country, where the training is more efficient because the division of labour has not proceeded so far. Master masons say that "country-bred men are the best" on account of the fact that they have had a better all-round training. Finally, in plumbing, painting, and carpentering, it is well known that some employers engage a large number of apprentices by whom

they get work done cheaply and who are only half-trained. Thus, to give an example out of many, some years ago there was a strike of plumbers, caused (as it is stated by an employer) by the fact that certain employers doing a low class of work would send a large number of half-trained youths with only one or two journeymen to execute it, with the result that men were displaced, and that the boys had no chance of learning the trade properly.

(c) The difficulty of control. The apprenticeship system is unsatisfactory, because the control which an employer can exercise over his apprentices is, under modern conditions, so small. In Glasgow the indenture system is not found, as far as can be ascertained, in any trade except building, in which apprentice masons are bound under a signed indenture for a period of five years. Indentures are, however, of very little practical value. Even if a boy who runs away is taken before a magistrate and the magistrate orders him to return, he comes back unwillingly, and is more trouble than he is worth. Thus a large builder and contractor says: "We find the greatest difficulty in getting boys to apply themselves. They stay away frequently in the morning, and run away after two or three years to get employment in country districts. Yet there are plenty of prospects in the trade; we cannot get sufficient competent foremen, though they earn from £3 to £5." No doubt employers are always disposed to look back upon their own youth as a time in which all boys were virtuous; but there is abundant evidence to show that the very small control which is all that can under modern conditions be exercised over apprentices by employers has destroyed a great part of what was valuable in the old system. In the case of shipbuilding, the apprentice riveters are notorious for their bad habits. They are pieceworkers; two apprentice riveters make up a squad with a holder-on and rivet boy. Hence, as a shipyard manager says, "they come and go as they please. They are as bad as the men at staying off and stopping the work of the squad." This is confirmed by a writer in a monthly report of the Boiler-makers' Society, to which riveters belong, who points out how demoralising to the boys is the want of discipline. "From their very entry into the trade most of the bad time-keepers are taught to be casual workers. Taken from the rivet fire irrespective of their character, education, or environment, they are put to the tools to do piecework, given work that is of a casual character on account of its being piecework, allowed to leave the firm whenever work is not ready, having, in fact, five years' training as casual

workers. . . . Would any employer treat his own son in such a manner?" It is interesting to notice that in a letter to *Ship-building*, Mr. Cummings, the late General Secretary of the Boilermakers' Society, has suggested that continuation schools should be made compulsory.

(d) The instability of industry. Even when apprenticeship gives a good training in the trade as it exists at the present day, it is not by itself an adequate preparation for industrial life, for the reason that the methods of production in nearly all industries are liable under modern conditions to be revolutionised by discoveries and technical improvements, such as the introduction of machinery or of different machinery, to contract owing to competition, and to fluctuate under the alternation of commercial prosperity and depression. Now apprenticeship as a system of training was developed when industry was stable, methodical, and regular, and is not suited to an age when it is unstable, changing, and irregular. A boy undertakes to serve seven years or five years in order to acquire a trade. But after his skill has been laboriously acquired, it may at any moment be rendered entirely unnecessary by changes in the organisation of industry. The greater his skill in one particular class of work the less easy does he find it to take to another. What is required in addition to manual dexterity is *general industrial knowledge and intelligence*, which will enable him to adapt himself to changing industrial conditions. But such general adaptability is not given by apprenticeship. Hence apprenticeship, even when satisfactory in other respects, is apt to be a risky investment, and not to repay the sacrifice of time and money which it involves.

(2) BOY LABOURERS.

The second class of boys in industry consists of those who are not apprentices or learners, but who are being employed solely with a view to the present utility of their labour. It is difficult to say what proportion these boys form of the total number employed in industry. Attempts have been made in the past to obtain an estimate by ascertaining the occupations which boys enter on leaving school. Thus a return of the House of Commons procured in 1899 showed that in London "40 per cent. of the boys leaving the schools became errand boys and van boys, 14 per cent. shop boys, 8 per cent. office boys and junior clerks, while some 18 per cent. entered the building, metal work, clothing, and printing trades," and similar statistics of more or less

completeness have been published for other towns. In reality, however, they are of little value for the purpose for which these figures are usually used, namely, to show that an undesirably large number of youths enter what are called (very ambiguously) "unskilled" employments. As was pointed out above, it is a very general practice for boys who want to be apprenticed to a trade to spend a few weeks or months as messenger boys until an opening is available, and returns as to the occupations entered by boys leaving school do not, therefore justify us in taking them as anything like a complete account of the proportions in which boys finally enter different industries, though they do, of course, illustrate the point mentioned above as to the gap existing between the elementary school and the trade. How rarely, as a matter of fact, boys remain in the same occupation may be illustrated from the following table as to the previous occupation of 100 labourers at the time when they left school, and again at the age of sixteen :--

	On leaving school.	At 16.
Country workers	7	4
Seamen	4	5
Apprentices or learners	8	20
Message boys and milk boys	55	13
Van boys	17	6
Van men	—	9
Boys or labourers in factories or works	40	49
General labourers	9	30
Miscellaneous (office, workrooms, &c.)	10	14

Leaving aside the attempt to make any statistical estimate of the proportion of boys engaged as learners to those engaged as labourers, for which the materials are inadequate, we may select for special emphasis three characteristics in the employment of these adolescent "boy labourers." *First*, the work which they perform is usually entirely non-educational, and gives no kind of industrial training, either general or special, such as to enable the worker to find a fresh situation when he leaves it. This is obviously true of the messenger, the milk boy, and the van boy. It is also true to an extent which is rarely realised of the boys who are employed in some kind of labouring capacity in factories and works. Among boys whom the writer has found to be engaged in almost entirely non-educational employments may be included general labourers in foundries, in sawmills, in the building trade, or at the docks; loom boys, doffers, or shifters in textile factories; oven boys in bakeries, rivet boys in boiler shops,

drawers-off in sawmills, packers in soap works, machine-minders in furniture factories, labellers in mineral-water factories; a host of others occupying similar positions are mentioned in Mr. Cyril Jackson's Report to the Poor Law Commission. From the point of view of the boys themselves these occupations are not an avenue into a future career: they are a blind alley leading nowhere. From the point of view of the employers the class of work done is a species of light, unskilled labour which does not require either the intelligence asked from a boy who is learning the trade, or the strength demanded from an adult unskilled workman, and which can therefore be done by a sort of boy labourer. Thus the work of a loom boy consists in assisting men at the loom, seeing that the supply of yarn does not run short, giving in broken ends, cleaning looms, and generally waiting on the weaver. In some carpet-weaving factories no men labourers are employed, and the boys then do all the unskilled work; they do not obtain any knowledge which would enable them to do weaving, for which a formal apprenticeship is necessary, nor are they fitted for anything else. In a similar position to this, large numbers of boys are employed in soap works, packing, wrapping, and filling soap-powder packets. Again, the boys tending machines in the biscuit department of a bakery are neither apprentices nor learners, and though they may acquire a certain rough handiness in dealing with machinery, it is only of the most rudimentary kind. A large number of boys are employed in sawmills as what are known as "drawers-off," whose duty it is to carry wood to and from a machine which is worked by a man, and generally act as labourers. Much the same is true of cloth-finishing works, where a great many boys are employed taking cloth to and from the drying machines, and watching machines under the supervision of a competent man. All these different instances, which could probably be multiplied indefinitely were an extensive inquiry made, are cases in which the boy's work is simply a specialised compartment which gives no kind of qualification for future employment outside it.

Secondly, not only are the boys in these occupations receiving no industrial training, either general or special, but a large number of them will be dismissed at manhood, or whenever they begin to ask for an adult's wages. This is not because they are inefficient workers, or for any other personal or accidental reason. It follows regularly and inevitably from the way in which the work is distributed between boys and men. The absolute impos-

sibility of their being absorbed as men in the occupations in which they started as boys is shown clearly by the following figures of the number of boys and men employed in certain businesses.

(1) A weaving factory—men 120, apprentices 6, loom boys 120. (2) Soap works—men 98, boys 114. (3) Bakery: bread-making—men 96, boys 8; pastry—men 60, boys 7; biscuits—men 12, boys 41. (4) Contractor: lorries—men 148, boys 50; tracing—boys 9; vans—boys 10. (5) Sawmills: machine shop—men 78, boys 64; turning—men 30, boys 4; chair shop—men 38, boys 14. (6) Finishing company: store mills—men 40, boys 40; drying—men 28, boys 26; raising—men 10, boys 18; pressing—men 9, boys 10; odd hands—men 1, boys 2.

It will be seen that in the first two cases the number of boys actually exceeds the number of men employed. A workman employed in the weaving factory estimates that 5 per cent. of the boys employed stay with the firm as men, and that of those who leave 75 per cent. do so because it is impossible to find work for them at men's wages. He insists on the irreparable damage that is done to the boy's future, and says he would dissuade any boy he knew from undertaking the work. That is in no way the fault of the employer concerned; on the contrary, he is well known to go to trouble and expense to increase the comfort of his employees. It is simply because the work is of a character which can be done by boys, and therefore boys, being cheaper than adult labourers, are employed to do it. This particular class of boys, loom boys, doffers, or shifters, is to be found in large numbers in Dundee; it may therefore not be inappropriate to quote the remarks on this subject contained in the report of the Dundee Social Union, which confirms strikingly the opinion here expressed as to the effect upon unemployment of the type of unprogressive boy labour: "The demand for men's labour would have to be three times as great to provide work for all these lads (i.e., who are in the jute industry), and a number whose parents have sent them to mill or factory as children are turned adrift at the age of seventeen or eighteen. A few of them become skilled workmen in other trades. But even if a boy is not too old to become an apprentice to some trade, he may earn half, or less than half, his accustomed wage. Some boys become labourers in other trades, others enter the Army . . . a number leave the town to seek work elsewhere, while others live from hand to mouth as casual labourers,¹ or join the ranks of the permanently

¹ For a similar account of the fate of boys formerly employed in "laying on" and "taking off" paper in London printing houses, see *Toynbee Record*, "Report

unemployed." The evil is, of course, aggravated in Dundee by the fact that most of the adult workers are women, with the result that there are fewer places for adult men. But the cases quoted above are sufficient to show that it exists in very many different kinds of business. Take, for example, the case of the soap works (2). In these the boys actually exceed the men, and they work in different departments; there is no movement from one to the other, because a strong, full-grown man is needed to do the man's work. None of the boys, the manager states, stay beyond twenty. In the case of the sawmills (5) and the cloth finishing company (6) the boys do not actually exceed the men in number. But it is plain that even were there absolutely complete mobility between all the departments a large number of the boys employed would have to leave the trade at manhood. As a matter of fact, 80 per cent. are estimated to leave at manhood in the one case and 95 per cent. in the other. Finally, one may quote the remarks of the recent Committee on partial exemption in reference to certain branches of the Woollen Trade. "Between fifteen and eighteen the greater part of the boys leave the trade—having acquired some preliminary knowledge of a trade which cannot find them employment in a district which is peculiarly deficient in well-paid male occupations. . . . We are informed that it has been ascertained that over 40 per cent. of the boys who had been half-timers, and subsequently remained in the mills as full-timers, drift into the unskilled labour market."

A general application may be given to the examples quoted above, if one considers for a moment what are the causes determining the demand for boys in different occupations, and in particular how the demand for boy learners differs from that for boy labourers. The considerations which determine the number of boys taken on by, say,¹ the fitting department of an engineering firm, or by the bread-baking department of the bakery described above (3), are fundamentally different on Boy Labour." These printers' boys were stated to enter the Army and take to the docks; a large number of printers' labourers were found in the Whitechapel Casual Ward in the course of an investigation made into the previous employment of the men there. See also figures as to boy messengers quoted by Mr. Cyril Jackson, "Report on Boy Labour," in the passage referring to the Consultative Committee.

¹ An excellent example of the different prospects of the boy "learner" and the boy "labourer" is given by comparing the bread-baking and biscuit departments of the bakery mentioned above. Eight apprentices (five years' apprenticeship) are held, with the approval of the employer, to be sufficient to recruit ninety-six journeymen bread-bakers, yet in biscuit-making forty-one boys to twelve journeymen are employed. Some of these boys recruit the eight apprentices: of the remainder, it is said, "some go to other trades, the rest drift into casual employment."

from those which settle the number of loom boys, rivet boys, or boys in the biscuit department of the same bakery. In industries requiring much dexterity or intelligence the number of boys entering the trade is determined, not by the demand for such work as they could do if they were immediately set to a single specialised operation, but by the estimated future demand for journeymen. Even where no formal agreement exists as to the proper proportion of apprentices to journeymen, as it does in the case of bread-baking, this is the criterion to which both employers and workmen habitually appeal when the former are claiming that the number of apprentices shall be increased, and the latter that it shall be diminished. *Real* learners are always an expense, and as long as boys are taken on with a view to teaching them so that they may recruit the trade, there is no temptation for employers to take on more than are required for this purpose. Hence a boy who enters, for example, a machine-making or bread-making establishment will, if he is moderately intelligent and fortunate, find a place in it at a man's wage. If he leaves, he leaves because the trade does not suit him personally, not because it is unable to absorb all those who enter it as boys. But when there is no need to recruit a supply of thoroughly trained journeymen, or where many departments of the work are such as can be done by the relatively cheap boy instead of the relatively expensive man, there is always a force at work tending to increase the employment of boys without any reference to the openings in the industry which there will be for them when they reach manhood. To put it concretely, the number of lorry boys or loom boys in a town bears no relation to the number required for recruiting lorry men or weavers, or to anything more remote than the number of cart-tails and looms now in existence, and the number of boys who can be induced to sit on the one and serve the other. In the words of an employer, "boys are employed for their *present commercial utility*." That "utility," which is to be found in the fact that the wage of an adult labourer in Glasgow is 16s. to 20s., while that of a boy (e.g., loom boy) is 8s. to 12s., ceases at manhood, and with its cessation employment ceases as well. But, as has already been pointed out, he has learned nothing which will qualify him to do any other kind of work. What, then, can he do? He can do nothing but fall back on the possession of two arms and two legs, and either enter the Army (*vide* the report of the Dundee Social Union) or increase the supply of labourers, which is already excessive, and which, because excessive, is

casually employed. When 20,000 builders' labourers are in the market, and only 10,000 are wanted, it is certain that either 10,000 will be unemployed altogether, or (what actually happens) that the whole 20,000 will be employed with varying degrees of irregularity.

A third point which is worth noticing is the extreme mobility among these boys to whom we have given the name of boy labourers. This is a point on which it is difficult to get evidence. But such as there is seems to establish the following tendencies. The mobility of the boy labourer is, as would be expected, considerably greater than that of the learner, whether formally apprenticed or not. Between the period of leaving school and the age of sixteen it is customary for both those boys who intend to become learners and those who do not to move from one place to another with great freedom. After the age of sixteen it is rare for the apprentice to move, while the boy who is not a learner is continually shifting from place to place with extraordinary rapidity. This fact was brought out very clearly by comparing the information obtained from 100 tradesmen in Glasgow as to their career between sixteen and twenty-one with that obtained from 150 labourers. After sixteen the narrative of the former comes to an abrupt end, because they have begun to serve their time. After sixteen the boy labourer shifts from place to place, and continues shifting until he is twenty-one. The forms returned show that it is rare for a boy to pass through less than six places between fourteen and twenty-one, common for him to pass through twelve, while in some cases he passes through twenty or thirty. In one instance a young man of twenty-four was able to give the names and addresses of fifty employers with whom he had worked since leaving school. Moreover, the mobility of the boy labourer tends to be different in object and character from that of the boy who is learning a trade. The latter sometimes moves in order to go to a shop where a different branch of the trade is carried on, with the intention of widening his experience, though in practice he usually defers doing this till he is an "inprover." He may move within the trade, but he rarely moves outside it. In the case of the latter the information given by them shows the main incentive to movement (apart from dismissal by the employer) is immediately higher wages, and, further, that the occupations through which they pass have frequently no connection with each other. A single instance taken from about 150 will illustrate what is meant. "M. A., a biscuit cutter and son of a plumber,

twenty-three years old, left school at fourteen. He gave the following particulars of his employments: (a) messenger boy, 5s., two months—left to go to biscuit factory; (b) cleaning biscuit pans, 5s. 6d., four months—left to go to G. D.'s for more money; (c) oven boy, 11s., seven months—left to go to L.'s for more money; (d) oven boy, 12s., eighteen months—left for more money; (e) assistant lakersman in bakery, one year, 15s.—left for more money; (f) bakersman, 16s., for four months. After that returned to L.'s: then became a mason's labourer; then worked in quarries for four weeks; then became a crane driver; then went back to L.'s." The boy labourer tends, in short, to be an industrial nomad. It is not necessary to dwell upon the effect which this is likely to have upon his character.

BOY LABOUR AND UNEMPLOYMENT.

It remains to be asked how far the Majority or the Minority of the Poor Law Commissioners are right in ascribing part of the problem of unemployment among adult men to the conditions of boy labour. In considering this question one suggestion may at once be ruled out of account. It is that over the whole field of industry men are being replaced by boys. For this statement, which is sometimes made by workpeople who have seen their own trade overrun by cheap juvenile labour, there is no foundation in fact. It is quite true that in certain occupations the proportion of boys to men has increased between 1891 and 1901. But, on the one hand, the census returns for 1901 show a decrease of 12·9 on the number of boys under fifteen employed in 1891, and, on the other hand, the estimate of the Consultative Committee, based on the census returns, gives the proportion of employees between twelve and seventeen to the total number of persons employed as 12·70 in 1891 and 11·06 in 1901. It is, therefore, not correct to speak as though there were a general displacement of the labour of adults by the labour of adolescents. On the contrary, Mr. Cyril Jackson is no doubt right in anticipating (p. 4 of his report to the Royal Commission) that the Education Acts of 1902 and 1903, by stimulating secondary education, will be found to result in a still further diminution. Leaving this suggestion aside, therefore, we may distinguish in the methods of entering a trade and of adolescent employment described above certain tendencies which make for adult unemployment. The first and least important is the excessive specialisation which is described above as being found among certain classes of boys, both learners and

labourers. In the case of an apprentice in an engine works, for example, it may very well happen that though there is an opening for him as a man in that particular works, yet if he is through one cause or another displaced, he will have the greater difficulty in regaining any position, because he has been specialised to one minute process for the sake of cheap production. This is amply borne out by the evidence of employers and workpeople. Thus the manager of a machine-tool works states: "Few men can now do more than make one special part of the particular class of tool we make. This has caused the work to be produced quicker and cheaper, but *it tends to make the workers in a sense unskilled and very dependent on the fluctuation of that kind of work.*" A district secretary of the Amalgamated Society of Engineers says of a world-famous firm which employs several thousand men making a particular kind of domestic machine: "It is a reception home for young bakers and grocers. Boys go to it from other occupations and are put in the machine shop to do one small part of the machine. . . . *When they leave they are not competent engineers, and find it difficult to get work elsewhere.*" Finally, an official of the Brass Moulders' Union describes the process in greater detail: "In some shops the work is highly specialised, and the boy is kept at a single process; for example, he may learn only to make flanges. The result is that when he comes into a shop where a different class of work is done he does not know how to set about it, and so cannot get work or keep it if he gets it. These untrained workers recruit the unemployed. I know a young man who has for this reason been through seven jobs in six weeks." In short, the over-specialised learner resembles the aged worker in standing on a narrow ledge, from which he is very easily dislodged. If industry were stable and regular, this fact would be of little consequence. Since it is in reality unstable and changing, the lack of capacity for self-adjustment to changing conditions may result in an individual being temporarily or permanently superseded. Much has recently been written, though not too much, about the importance of increasing the mobility of labour by means of Labour Exchanges. It is not always remembered that two kinds of mobility are needed, place-mobility and what may be called trade- or process-mobility. It is as important that the displaced worker should be able to turn rapidly to a new process as it is that he should be able to move rapidly to a fresh centre of industry. As it is, he too often sells his wares in an artificially-narrowed market.

The second and more important line along which a connection may be established between unemployment and the occupations followed by adolescents may be seen by looking at the conditions described above as prevailing among boy labourers. It was pointed out that in certain industries more boys are employed in non-educational occupations than can be employed as men, with the result that many of them are dismissed on asking for an adult's wage. Is it possible to say whether such boys, on being dismissed, tend to become specially exposed to unemployment or casual employment? Directly, it is impossible to prove this; it could only be done by means of immensely more numerous and exhaustive biographies of unemployed men than we at present possess. There is, however, a good deal of more or less indirect evidence to show that this is the case. *First*, we may mention the fact that certain groups of non-educational employments seem to be connected with juvenile crime. Thus the census of 1901 gives the previous occupations of the inmates of local and convict prisons who are under twenty. From this table, which is quoted by Mr. Cyril Jackson on p. 43 of his report, it appears that the occupations the largest percentage of whose members are in prison are the following: general labourers, 0·74 in prison; street sellers, 0·57; dockers, 0·44; tailors, 0·16; carmen, 0·14; bakers, 0·14. If we except tailoring, all these, including baking, are trades in which low-skilled, non-educational labour predominates. The trades which contribute the smallest percentage are carpenters, engineers, miners, builders, and printers. Side by side with these figures may be set some obtained by the writer from the Chief Constable of Glasgow, which show that in the year 1906 87 per cent. of 1,454 youths between fourteen and twenty-one charged with offences inferring dishonesty were drawn from non-educational occupations, viz., messengers, street trades, labourers, van boys, or rivet heaters. The facts as to the effect of street trading have been set forth by the police authorities of most large towns, and are too well known to need description.

Secondly, there is a certain amount of evidence to show that the younger among the applicants for relief are drawn preponderantly from occupations employing adolescents in non-educational positions from which they are dismissed at manhood. It is not usually realised how large a proportion of those who apply to distress committees are comparatively young. It is, of course, quite true that the number of applicants per 1,000 living at the same age is highest between the ages of forty-five and sixty, in other words,

that liability to unemployment increases with age. On the other hand, it is also true that the number of applicants for relief under the age of thirty is so large¹ as to suggest that there are peculiar difficulties in the passage from juvenile to adult employment. A table in Mr. Cyril Jackson's report (p. 45), based on returns from London Distress Committees, shows the occupations in which 484 boys and men in distress were at the age of nineteen: 13·5 were apprentices or in skilled trades; general, casual, and unskilled labour accounted for 46·2; 14·5 were carmen; 8·7 errand boys; and 14·6 unemployed. Further, in the careers of the boys between the ages of seventeen and twenty-two we find a striking increase between those ages in the proportion of those unemployed to those in work. Thus, at the age of seventeen between 2 and 3 per cent. of the persons examined were out of work; at the age of eighteen, 10·1 per cent.; at nineteen, 14 per cent.; at twenty, 21 per cent.; at twenty one, 26 per cent. The figures for the skilled trades are unfortunately not given separately, nor are the records continued beyond twenty-two. What they show is that the proportion of unemployed to those in work rose sharply at the age when boys begin to ask for a man's wages. They are not large enough, of course, to do more than suggest the hypothesis of a connection between unemployment among young men and the displacement of adolescent labour. This suggestion is, however, strikingly confirmed by certain of the reports submitted by distress committees to the Poor Law Commissioners: for example, that of Glasgow, where, according to the Majority of the Commissioners, "nearly 20 per cent. of all the labourers unemployed are under twenty-five, and one-half of them are under thirty-five."

Thirdly, that boys who have spent the years of adolescence in certain occupations find it specially hard to get a living at manhood is suggested by the figures as to the previous occupations of recruits entering the Army. According to Mr. Hodgson (quoted by Mr. Cyril Jackson on p. 165 of his report), "The Army recruit is nearer akin to those lads who have come within the range of the distress committees, than to those who have been more successful in life." The figures he gives show that of London boys who entered the Army at the age of seventeen years 47·6 per cent. were classified as "unskilled," 28·2 per cent. under "shop and errands," 13·5 per cent. under "carters and van boys." The classification is unfortunately very rough. But the main fact—

¹ See, for example, the figures published by the Consultative Committee which bear on this point.

that at the age of seventeen or eighteen the boys from certain non-educational occupations find a great difficulty in getting a livelihood—seems again to be established.

SUMMARY AND CONCLUSION.

If the above analysis of the conditions prevailing among adolescent workers and of their relation to the problem of unemployment be correct, it would appear to be the case: (1) that among large sections of boys the character of the work done is such as to make it difficult for them to find employment when displaced at manhood, and in some cases such as actually to demoralise them; (2) that as a matter of fact the influence of these tendencies is visible in the records of juvenile crime and unemployment. To these facts we may add another: (3) that these conditions do not tend to correct themselves. While it is true that the proportion of boys to men over the whole field of industry is decreasing, it seems also to be true that in certain occupations it is increasing. Owing to the fact that the persons employed between fifteen and twenty years of age are not given in the census report separately for each year an adequate test of this is impossible. Among those occupations, however, in which the proportion of boys under fifteen to men increased between 1891 and 1901 were certain occupations which have been shown to exercise a prejudicial influence on the boy's future; for example, that of messengers, that of carmen, that of costermongers and street sellers, that of boys employed in soap works. Moreover, the increasing subdivision of labour and the progress of invention in certain industries are multiplying the number of posts which can be held by boys working automatic or semi-automatic machines. Thus we find also an increase in the proportion of boys under fifteen to all employed in the trade among tool-makers, and erectors, fitters, and turners, in fact in that very engineering trade which was once supposed to be a stronghold of the apprenticeship system.

The inferences to be drawn from these tendencies seem sufficiently serious to warrant the statement of the Minority of the Poor Law Commissioners above quoted. While it is impossible to say what proportions of all adolescent workers are at any one moment engaged in non-educational occupations from which they will be dismissed at manhood, it is certain that the number is large. Yet a moment's reflection is sufficient to show that the relative eligibility of different occupations must be estimated

with reference to very different considerations in the case of a boy and in the case of an adult man. In the case of the adult the crucial question for the individual is normally the obtaining of the best remuneration in the immediate present, for society the obtaining of the best service for the least real cost. In the case of the adolescent different standards have to be applied. On the one hand the years between fourteen and twenty-one must not only pay for the maintenance of the boy during those years, but must prepare for maintaining him in independence in manhood, and if it were possible to imagine some monstrous economic boy weighing with due deliberation the alternatives open to him on emerging from the seventh standard, he would undoubtedly reflect that to consider the immediate relative advantages of different trades in respect of hours and wages would be as improvident as it would be for a man who had heavy liabilities to meet ten years hence to lay aside nothing against them. On the other hand, the adolescent worker is, from the point of view of society, not only the supplier of present wants, but the sole means of supplying future and possibly more urgent wants; not (like a man) a finished article, but the raw material for other articles. The community which would get the maximum economic satisfaction out of its human material has to take a dynamic and not a static view of adolescent labour. It has to ascertain the point where the future satisfaction to be derived from the development of "productive powers" and the present sacrifice involved in developing them instead of satisfying certain immediate wants balance each other, in just the same way as the community which would get the maximum satisfaction from the annual production of wealth has to balance the future satisfaction made possible by saving against the present sacrifice involved in postponing immediate consumption. It is in theory quite as possible for a miscalculation to be made in the one case as in the other. It is quite possible for a town or a country, by using its boys to satisfy a passion for evening papers and cheap cartage, to court a shortage of (say) steelworkers or bricklayers or good citizens in the future. It is possible for a nation or a city, by employing boys solely with reference to their "immediate commercial utility," to live on its human capital. There is only too much reason to fear that in certain cities, for example, London and Glasgow, that process has already begun. In Glasgow employers in the building, bread-baking, and tailoring trades state that they prefer the rural immigrant on the ground that he has got a better all-round training. In London, say the Majority of the Poor Law Com-

missioners, quoting Mr. Webb, "the investigations of Dr. Wilson Fox showed that various large employers of labour, such as breweries, railway companies, &c., emp'oy predominantly country-born workmen in the proportion of 40, 50, and sometimes even 65 per cent. of the whole. . . . The applicants to London Distress Committees, the inmates of the Salvation Army and Church Army Shelters, and the inhabitants of some large common lodging-houses are to the extent of 86 to 93 per cent. London-born." It is reasonable to say that a city which allows its own youth, for want of training, to drift into overstocked and therefore casual employments, while recruiting its best workers from outside, resembles a company which is continually borrowing fresh capital, while wasting that which it already possesses.

R. H. TAWNEY

THE PATENTS AND DESIGNS ACT, 1907.

THIS Act has now ceased to occupy prominence in the public attention, since as a subject for sensational statements by politicians it has been replaced by other matters of more immediate interest to the general public; its most obscure and most important clauses have been interpreted in very carefully considered judgments by the court; lastly, it has been in force for a sufficient time to afford some evidence as to its probable effects in practice. It therefore seems that the present moment is a fitting one to review its merits and defects.

For an account of the general scope and object of the alterations which it introduced into the existing patent law, it is natural to turn to Mr. Lloyd George's speech on the first reading of his Bill in Parliament. In this speech he stated that his main object was to introduce provisions to combat the evil that the British patent system was actually being used as a means of hindrance and suppression of British industrial development, and at the same time to secure the efficiency of these provisions by putting the procedure for enforcing them within the reach of the smallest manufacturer or the poorest inventor.

The evil referred to had been brought about by various methods of abuse of our patent system, and of these he mentioned three as most important. First, many British patents had been and were being taken out by foreigners for the purpose not of working them in the United Kingdom, but of preventing them being worked there. Secondly, powerful foreign syndicates frequently applied in the case of chemical inventions for very wide patents covering all possible combinations, although most of these combinations had not been tried in practice at all. The existence of these wide claims gave them a weapon with which to fight any inventor who might subsequently make a really new practical discovery in the same region, and the enormous wealth and organisation of such foreign patentees made resistance to their attack in most cases futile, and, if attempted, so costly "that the patent, which ought to have been an encouragement to the ingenuity of the poor British inventor, simply became a trap to

his ruin." Thirdly, it sometimes happened that a new and patentable discovery revolutionised an important industry in such a way that competition by an outsider not entitled to make use of this discovery was rendered impossible. In such cases the owner of the patent could make his own terms for granting licences, and under the existing law any conditions which he chose to impose were enforceable, even though made so onerous that all the persons engaged in the particular industry affected were bound under his power, and that further independent development was rendered impossible. (This was also described as "another way in which foreign patents worked in restraint of British trade.")

The Government Bill aimed at preventing the first abuse by introducing new provisions for compulsory working and compulsory licences, for the second by giving the Comptroller power to demand actual samples of the product for which the patent was claimed in the case of chemical inventions, and the third by making all restrictive provisions in licences, which would unfairly handicap British industry, unenforceable by law.

Though the original Bill was considerably altered in Committee, the above account describes with fair accuracy the purpose of the main alterations adopted.

The Act contains in addition numerous provisions which materially affected the existing patent machinery, but in the present article only those measures which were aimed at the first of the abuses mentioned can receive detailed consideration. These are indeed the most important for the present purpose, and at the same time contain those features which are specially characteristic of the Act, and which chiefly attracted public attention. They are contained in sections 24¹ and 27,² and, in order to understand their significance, it is necessary to compare them with the previous attempts of the legislature to deal with the same problems, to be found in section 22 of the 1883 Act, and section 3 of the Act of 1902.

If this comparison is made, it will be found that the real changes introduced by the new sections are—first, important alterations in procedure, the general result of which is to facilitate the invocation of the previously existing remedies; and, secondly, the selection of one particular form of abuse for special treat-

¹ Subsection 5b of section 24 must be omitted from consideration under the present heading. It represents part of the attempt to deal with the third of the three main evils referred to above.

² In order to fully understand the effects of section 27 it must be read together with other sections.

ment. Under the Act of 1902 a certain differentiation was made between cases where abuse by the patentee of his monopoly resulted in injury to the trade of this country, irrespective of what was being done abroad, and cases where the effect of such abuse had been to favour foreign at the expense of British industry. For, under that Act, where it could be shown that the patent was worked mainly or exclusively abroad, the onus of proof in the issue as to whether the "reasonable requirements of the public had been satisfied," which otherwise rested with the complainant, was cast on the patentee. But this was the only difference made, and otherwise the remedies and procedure were in each case the same. Now, however, under the Act of 1907, the two cases are treated in totally different manners. They are dealt with in separate sections, and in the one case—the mere injury of British interests, which is covered by section 24—the only important innovation is the substitution of the court for the Judicial Committee of the Privy Council as the tribunal, while the provisions for dealing with the other—the special form of injury consisting in the unfair favouring of foreign interests—have been considerably altered in order to facilitate and add force to the attack which can be made on the patentee who has thus abused his rights. "Any person"—not merely "any person interested"—can commence proceedings; the petitioner can obtain a hearing at once before a tribunal competent to give a decision, instead of having to submit to a preliminary testing of his case before the Board of Trade; the proceedings are to be less formal, being undertaken in the first instance before the Comptroller; lastly, the remedy in every case is revocation, immediate or deferred, with no alternative. On the other hand, it is to be noted that in this case the patentee's grounds of defence are altered, and instead of being required to prove that the "reasonable requirements of the public have been satisfied," he is to retain his rights if he can show that the patent is being "adequately" worked, or give "satisfactory reasons" why it is not.

Now whatever meaning may be hidden in these latter expressions, they fix attention rather on the position of the producer than the consumer, and in general it is clear that the dominant notes of the innovations are "fair play for British industries" as against the foreigner, and a greater reliance on the remedy of revocation for securing this.

In considering the significance of the new measures it must be noted first that these distinctive features, considered together.

with Mr. Lloyd George's promises in public speeches, have not unnaturally provoked the comment that section 27 constitutes an attempt to introduce an entirely new principle into the British patent system by utilising it for protectionist purposes.

It seems, however, on a careful consideration of the provisions themselves, apart from what has been said about them, that this comment is unjustified.¹ If any attempt to make use of the patent system for the encouragement of British industry is to be described as protectionist, then perhaps the Act deserves such an epithet. But the statement that there is anything new in this can be refuted by a reference to the Statute of Monopolies, by which the limited right of granting monopolies was reserved to the Crown with the definitely expressed object of encouraging the manufactures of this realm, and which certainly contemplated that the patentee should be rewarded in consideration of the working of his patent, and should find his reward in the sole right of doing so.

But it may be said that even though it is still generally admitted that the ultimate justification of the English patent system is to be found in the advancement of British industrial development, yet the views as to the best methods of promoting this have changed considerably since the beginning of the seventeenth century, and the charge of novelty referred to should perhaps rather be understood as meaning that the new measures represent a departure from the tendency of modern opinion on this subject.

The correctness of such a statement is more difficult to judge in so far as there have always been different classes taking different views¹ on the subject, and each speaker perhaps naturally regards his own class as representative of the best opinion.

To trace the phases of the modern interpretation of the patent system from the case of *Liardet v. Johnson* in 1778, through the movement in favour of its abolition from 1865 to 1875, down to the controversies of the present day, is an interesting study, which cannot, however, be entered upon in detail now. A fair summary may be given by saying that an increase of the

¹ Patent agents and patent lawyers have always vigorously opposed any attempt at compulsory working. Cf. (a) the resolution passed by the International Association for the Protection of Industrial Property at congresses chiefly attended by patent agents and lawyers held at Berlin, 1904, and Milan, 1906; (b) speeches of the patent agents at a special meeting (May 10th, 1906) of the London section of the Society of Chemical Industry; (c) speeches by the Lord Chief Justice and others at a meeting of the legal section of the recent International Chemical Congress (May, 1909); (d) pamphlet by Mr. E. Luaga on the Act, and (e) a Précis issued by the Institute of Patent Agents in criticism of the original Bill.

importance attributed to "disclosure" compared with "working" as part of the consideration of the patent grant, and a simultaneous growth of the "international" view of patents, are certainly characteristic features of the changes in general opinion which have taken place since the days of the Statute of Monopolies. This may be described as a growth of a "Free Trade" view, and has, perhaps, in this country been a result of the teaching of Adam Smith and the realisation that to benefit the foreigner is not necessarily an injury to this country. But as far as any tendency has received effective expression in the legislative provisions of this country in the last quarter of a century, it must rather be described as a reaction against any exaggerated application of "Free Trade" principles to the granting of patents, and a recognition that their indefeasible ownership gives a patentee a strong power to interfere with the practical freedom of trade. Both the Acts of 1883¹ and 1902 must be regarded as framed to prevent the abuse of this power, for it can hardly be contended that their provisions were deliberately intended to be ineffective in practice, as in fact they proved to be.

In so far, therefore, as this new Act is merely aimed at preventing such an abuse, it may be said that its distinctive features consist rather in a greater emphasis on one side of the problem previously recognised, and a greater reliance on one form of remedy which had already been introduced, than in the adoption of any new principle.

On the other hand, it must be recognised that its provisions do impose on the patentee a positive obligation of taking steps to secure the working of his patent, and accordingly it may be said that, even if recourse was had to such provisions merely as the most effective means of preventing the abuse referred to, nevertheless they admit of an application which is "protectionist" in the sense used in the ordinary fiscal controversy, and consequently to this extent constitute an acceptance of a new principle.

To this it is not a sufficient answer to say that such an application is impossible in so far as the extreme remedy consists in the revocation of a patent and the consequent removal of all restrictions on trade. For in certain cases the fear of losing his monopoly of sale might be a powerful incentive to a patentee to attempt to establish the working of his patent here. Accord-

¹ Cf. the statement by Mr. Chamberlain, then President of the Board of Trade, on the second reading of the Bill in the House of Commons, that "it was very well to reward the first inventor, but it was not necessary or just to give him an absolute right of monopoly, which might be used for the purpose of extortion or to the injury of this country."

ingly, if the remedy were to be enforceable in all cases, it could be used, contrary to the spirit of free trade, in an attempt to encourage the working of manufactures here which, owing to economic conditions, could not be carried on in fair competition with foreign industry. Therefore, although the revocation of the patent in such a case would not effectively assist the growth of any industry here, it would be contrary to the spirit of free trade to consider the non-working of such a patent as an injury demanding redress, or to attempt to enforce its working by holding threats of reprisal for not doing so over the patentee.

The determining factor is therefore the manner in which the remedy is to be applied, and in this respect the exact intention of the promoters of section 27 is exceedingly difficult to discover. But whatever that intention was, it can now only be given the interpretation which has been put upon it by the court, and, that being so, the matter has been to a great extent settled by the judgment of Mr. Justice Parker in the case of *in re Hatschek* (1909) 2 Ch. 68. In this it is made clear that the provisions of section 27 are not to be construed in a protectionist manner, and that the remedy of revocation is only to apply when a patentee has used his patent rights unfairly, to benefit foreign at the expense of British industry. If he can show that he has honestly tried to introduce the working of the patent here, but failed owing to existing economic conditions, he is not to be deprived of his monopoly of sale.

The new provisions, therefore, thus interpreted, represent no more than an attempt to secure by means consistent with the principles of Free Trade that the English patent system shall be used to promote the general industrial progress of the country. The principle on which such an attempt is based has been generally accepted as underlying every patent system, and its wisdom must at least for the purposes of the present discussion be postulated. The real question which is raised in this case is not as to the desirability of such an end but rather as to the wisdom of these particular measures as a means for attaining it; that is to say, it must be asked whether the attempt which they make to do so by directly encouraging the working of inventions in particular cases does not unduly hinder the general disclosure of inventions which must be of the greatest importance as a means to the same end. In answering such a question it is necessary to consider how far some special measures were in the actual circumstances necessary to prevent an abuse in favour of foreign industry, and what the general effect of the particular measures adopted will be.

For this purpose some inquiry must be made into the course of events which led to the introduction of the Act, for, if the evils of a practice which put English manufacturers at a great disadvantage as compared with their foreign rivals had been very generally felt, it is natural to suppose that any movement for the introduction of measures to prevent it would have received general support. It appears in the present case that the energetic work of the Manchester Chamber of Commerce, under the lead of Mr. Levinstein, was chiefly responsible for the pressure brought to bear from time to time on successive Presidents of the Board of Trade. Their action in this respect commenced before the passing of the 1883 Act, and it was Mr. Levinstein's firm which, in 1897, with the support of the Manchester Chamber, commenced a test case for the purpose of trying the efficiency of section 22, the duration and expense of which case were to a great extent responsible for the appointment of a departmental committee by Mr. Ritchie to inquire into the necessity of amending that section. This committee decided that they could not accede to any provision for revocation in preference to the compulsory granting of licences, and nothing further was done until Mr. Balfour's Act of 1902 was under consideration.

Then again a deputation from various chambers of commerce, with Mr. Levinstein as delegate, waited upon him, but they were unable to persuade him to adopt their recommendations as to compulsory working, and his Act of 1902 proved indeed, so far as this was concerned, quite ineffective in practice.

With Mr. Lloyd George at the Board of Trade, the agitation was again taken up, and, again on the instigation of the Manchester Chamber of Commerce, a deputation was appointed to wait on him (April, 1906), with the definite object of endeavouring to secure legislation imposing the absolute forfeiture of such United Kingdom patents for processes worked abroad as were not within a specified period worked in the United Kingdom, unless good reason were shown for the delay. According to the statement of Mr. Levinstein,¹ this deputation represented "more than a hundred chambers of commerce, and a large number of members of Parliament; it was further supported by six members specially appointed by the Society of Chemical Industry, and also by the Manchester Association of Engineers, the Silk Association, the Pharmaceutical Society, the United Turkey-Red Association, the British Cotton and Wool Dyers, the Calico Printers' Association, the Bradford Dyers, the Science Guild,

¹ In a communication made to a special meeting of the London section of the Society of Chemical Industry held on May 10th, 1907.

and a number of the largest employers of the country, and by leaders of our operative classes representing more than a quarter of a million of our workpeople."

To the recommendations of this deputation Mr. Lloyd George acceded in the manner which has been shown.

Now, it is very apparent that of the special interests represented in this agitation, there is a considerable preponderance of those which are particularly concerned with, or affected by, the manufacture and sale of chemical dyestuffs, and it is hardly too much to say that all the typical instances and illustrations from actual experience of the abuses under discussion have been taken from this and kindred trades. This is at least strong evidence of the fact that the effects of the abuse in question had not been felt generally over the whole field of British industry, and this evidence is further confirmed by the subsequent attitude of the general body of English manufacturers. In this respect the experience of the London Chamber of Commerce is interesting. In view of the fact that the provisions of the Act are simply permissive, they endeavoured to form a league for the purpose of securing that proper action should be taken in all cases, on the lines of the Association, which they organised with considerable success, for enforcing the provisions of the Secret Commissions Act. With this object they sent out 750 circulars to various manufacturers likely to be interested. To these they only received one reply.

On the other hand, such lack of interest may have been due to the traditional apathy of the British manufacturer; and even though this has probably been considerably exaggerated, the evidence cited above is not absolutely conclusive that the abuse had been confined to the particular trades referred to, or that no danger existed of its extension to other industries. Moreover, in any case such a conclusion would be disproved, if it could be shown that the general industry of the country had in fact received a fresh impetus owing to the passing of the Act, in accordance with Mr. Lloyd George's promise that "in the course of the next few years it would bring employment to thousands, and in the course of the next ten years it would bring employment to scores of thousands of people in this country."¹

It is therefore necessary to supplement the evidence given above by some account of the effects which have been actually felt in practice.

It must be said at once that an accurate estimation of these effects is extraordinarily difficult. There is no central source where

¹ In a speech at the Manchester Corn Exchange, April 22, 1908.

reliable information on the subject can be collected, and particulars filed at Somerset House in compliance with various provisions of the Companies Acts are much too meagre to give any valuable indication on the point. Several accounts have been published in newspaper articles¹ from time to time of the establishment of works here by foreign manufacturing firms, and a list is given below² of all the names which have been mentioned

¹ These lists have been in many cases based on information supplied by an enterprising firm of agents for factory sites, which circularised no less than 15,000 foreign manufacturers interested in English patents. The following estimate has been compiled by this firm of the total expenditure by foreign manufacturers in England since the passing of the Act:—

Land and premises acquired	£130,650
Amount expended on buildings and housing of workmen ...	180,750
Plant and machinery	183,972
Total	£495,372

² 1. Vereinigte Glanzstoff Fabrik A.G. of Elberfeld formed the "British Glanzstoff Manufacturing Co." Capital £140,000. Works at Flint.

2. Badische Anilin- und Soda-Fabrik Farbenfabriken vorm. Friedrich Bayer & Co.	} Have formed a company under the name of "The Mersey Chemical Works." Works at Port Sunlight, near Liverpool.
A.G. für Anilin-Fabrik: Treptow, Berlin	

3. Meister, Lucius, & Brüning, Höchst Leopold Cassella & Co.	} Works near Ellesmere Port, Man- chester Ship Canal.

4. Chemische Fabrik auf aktien (vorm. E. Schering) of Berlin. Capital increased by £50,000 in 1908 for the purpose of erecting works in London.

5. Wolfram Metal Filament Lamps, Ltd., established in connection with Julius Plintsch A.G., of Berlin, and Dr. Kusel. Works at Brimsdown Capital £100,000.

6. ? Clinton Wire Cloth Co.	Cheshire.
7. National Cash Registry Co.	London. Capital £100,000.
8. Buffalo Speciality Co.	London. American Cp. Capital \$500,000.
9. Barlock Typewriter Co.	Extended premises. Capital £70,000.
10. ? Alfred Johnson & Co.	Kent. German Pottery Co.
11. ? Turner & Co.	—
12. Eagle Pencil Co.	American Co.
13. Stolz Electrophone Co.	American Co. Capital \$25,000, has had no place of business in England since March, 1909.

14. ? Mills Novelty Co.	—
15. ? Plintsch Suction Gas Plant Co....	—
16. Flottman Engineering Co.	Works at Cardiff. Capital £3 000.
17. ? Zimmer Conveyor Co.	—
18. ? Hochlis Fahrwerke	—
19. Gillette Razor Co.	Works at Leicester. Capital £20,000.
20. Sanatogen Food Co.	Cornwall.

21. ? Deutsche Waffen und Munitions Fabriken	—
22. ? American Pencil Co.	—

23. Orchestrelle Piano Player Co. ..	Hayes, Middlesex.
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24. Universal Gas Methayne and Buisson Hella Co.	Millwall.
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25. ? Adjustable Shelving and Metal Co.	Willesden Junction.
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26. ? Berkell & Co.	(Bacon-cutting machinery makers of Rotterdam.)
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in this connection. But the value of such a list is very questionable, and it has been in many cases impossible to properly verify the statements which it contains. Moreover, even if these were correct, they would require, in order to be useful for the present purpose, to be supplemented by some evidence as to the motives on which such foreign manufacturers acted, for, having regard to the frequent establishment of works by foreigners in England in former years, it is clearly unfair to presume that whatever has happened since the passing of the Act has been directly caused by it.

This question of motives is again one on which it is exceedingly difficult to bring forward convincing evidence. The proprietors themselves are seldom willing to disclose the reasons for their conduct, and such information as can be obtained must come from authorities who naturally do not wish to be quoted.

For the statements made below it can only be claimed that, after as careful an investigation as possible, they are believed to be correct.

Of the various foreign firms mentioned in the above list, by far the most important are the Vereinigte Glanzstoff Fabrik, of Elberfeld, which has formed an English company and erected works at Flint for the purpose of making artificial silk, and the two groups of the largest German chemical dye makers, the former of which formed an English company to erect works near Liverpool, while the latter, continuing to work as foreign companies, have joined to acquire land and put up buildings at Ellesmere Port, on the Manchester Ship Canal. These three new works have been referred to again and again as instances of the beneficial effects of the Act. But it appears, on closer inquiry, that in the first case the proprietors were not influenced by the fear of losing their English rights, as most of their important patents had already expired, and they would be quite content to rely for protection against competitors only on the special skill which years of practice in their particular trade had given them. In the other two cases no evidence is forthcoming that the working of the plants erected will constitute a really important industry. To judge by what has been done in similar cases in France, in order to comply with compulsory working clauses there, it is probable that the work will consist only in certain finishing processes.

As to the remainder of the list, in a great many cases it has

¹ This is confirmed by comparing the size of the English works with the importance of the German companies. The Badische Anilin- und Soda-Fabrik, Meister, Lucius, Brüning & Co., and F. Bayer & Co. each employ from 7,000 to 8,000 men.

been impossible to verify the establishment of any new works at all, while in many others the real cause has been proved to be the influence of ordinary economic conditions, combined not infrequently with a definite apprehension of the establishment of protective duties in the near future in this country.

On the other hand, such a list as has been given has a certain negative value in so far as it probably represents the limit of the claims which can be made. If this is so, the miscellaneous and unimportant nature of the interests affected in all but the few cases referred to above seems to show that the effects of the Act have been felt, if at all, in the bypaths of the manufacturing industry.

Moreover, an examination of the petitions for revocation which have been brought under section 27 leads to the same conclusion. There has not been any case where the revocation would have led to the establishment of an important industry here. In some cases the petitioner has held the same patent for a foreign country, and only desired to have an extra market for his foreign-made goods in England. In others the patented invention has either formed quite an unimportant incident of the manufacture, or affected a very small industry. No doubt the revocation has been directly beneficial in the former cases to the English consumer and in the latter to English manufacturers, and it is by no means proved that there may not in the future be frequent opportunities for the useful application of this remedy. But what is proved by the nature of these results is that the Act has had no appreciable effects on the whole course of British industry, and this, taken together with the general attitude of English manufacturers recorded above, affords conclusive evidence that the original evil was greatly exaggerated, and accordingly that the hopes of benefits to be felt on its removal could not in any case have been realised.

To this extent, therefore, any measures, however framed, must have proved ineffective. But, on the other hand it seems fair to conclude that there was sufficient need for some amendment of the existing ineffective provisions to afford an opportunity for exceedingly useful legislation of less ambitious pretensions.

This has generally been admitted, and the question has rather been as to the particular form of the measures to be adopted.

The arguments against section 27 have mostly taken the form of a general condemnation of any provisions for compulsory working. It is said, on the one hand; that the rigid enforcement of such provisions must incidentally have the effect, first, of

unfairly penalising and handicapping the unbusiness-like inventor, and consequently of discouraging the progress of invention; and, secondly, of inclining manufacturers to work new inventions as secret processes, with a consequent loss to the public of valuable knowledge. On the other hand, that if any attempt is made to consider justifying circumstances, the remedy provided must fall into disuse owing to the impossibility of discriminating in practice, on the evidence which is available, between deserving and undeserving cases. It is thus contended that all such clauses must either be a source of evil or drop into disuse, and the experiences of Canada¹ and Germany are pointed to as typical illustrations of such result.

It is further said that the beneficial results of such provisions can be obtained equally well, or better, without any of the concomitant disadvantages, by a wise system of compulsory licences, for the spasmodic manufacture which is undertaken in compliance with compulsory working clauses is of no real benefit, while, if the remedy is to be applied, it is much more reasonable to expect that a new industry can be developed by a licensee working with a good patent, subject only to the payment of reasonable royalties, than by a manufacturer working without patents, and open to competition from all sides.

In answer to such objections it must, however, be said that it is unfair to argue entirely from the conduct and experience of other countries. It must be remembered that countries with high protective tariffs incidentally possess another means of preventing an abuse of their patent system, while a great many of the evil effects of such clauses in foreign systems are due to their particular form,² which need not be reproduced, and has not, in fact, been reproduced in the provisions of section 27.³ Moreover, it is quite conceivable that in certain cases provisions for revocation might prove more effective than provisions for compulsory licences.

But what is conclusively proved by the experience and arguments referred to above is that provisions for revocation are exceedingly dangerous remedies, and legislation, if it cannot be condemned solely as having adopted such a remedy, must be judged by the provisions made for its application in particular cases.

Judged by this standard, section 27 is open to serious criticism.

¹ Cf. *Essays on Politics*, by Andrew Macphail, p. 122.

² Cf. especially § 37 of the Canadian Patent Act, 1897.

³ On the view taken above, this is not in the strict sense a "compulsory working" clause.

Its promoters, by introducing such vague words as "adequate," and "satisfactory," have, to a great extent, shirked the problem before them, and cast in the first instance on an administrative official, and ultimately on a single judge of the Chancery Court, the onus of practically legislating on a very important and difficult subject.

Possibly, having regard to the efficiency of the Chancery judges, Mr. Lloyd George deserves credit for having placed his burden on the shoulders most capable of properly bearing it, and the final result may be that with a wise interpretation of its doubtful expressions the section will avoid many of the evils common to such provisions, without proving altogether ineffective. But in any case it is clear that the expectation of its powers either for evil or for good has been greatly exaggerated.¹

Beyond this the provisions for dealing with the second and third forms of abuse referred to above can now only receive passing comment.

It may be said of the former² that their merits will depend almost entirely on the manner in which the Comptroller uses a discretion as to the exercise of which he has received no hint of guidance from the Act; while the wisdom of the latter provisions³ is seriously questionable in so far as they represent a departure from the doctrine which has been established in a long series of carefully considered judgments on contracts in restraint of trade.

For the purposes of the present discussion, however, these clauses are chiefly interesting as illustrating the narrow view taken of the situation by the promoters of the Act. As was shown above, these measures also were treated as necessary for the prevention of injuries by foreigners to English trade. It is

¹ There is some slight evidence that the Act is likely to produce a diminution in the number of patents taken out. Cf. the Report of the Comptroller for 1908, which shows a decrease in the total number of applications, and also for the first time since 1898 (the only other occasion since the Act of 1883) a simultaneous decrease in the number of applications accompanied by provisional and complete specifications, and also in the number of complete specifications filed after provisionals. It is too early, however, as yet to form any definite opinion on this point.

It is further to be noted that these provisions contain certain special blemishes, e.g. the absence of any provisions for getting security for costs in proceedings before the Comptroller. This is a serious matter when the petitioner is a man of straw, or a foreigner, or a limited company formed specially for the purpose with a nominal capital of 5s.

Again, the wisdom of giving very wide judicial powers to the Comptroller, who has not sufficient experience to properly direct the proceedings of counsel and witnesses appearing before him, is open to grave doubts.

² Section 2.

³ Section 24 (5) b, and section 38.

clear, however, on a fair consideration, that the practices at which they were aimed are not abuses essentially because employed for the benefit of foreigners, and there is no reason why the abusers should always be represented as "powerful foreign syndicates." The only explanation of such representations is that the supporters of the Act concentrated their attention unduly on one particular industry in which English manufacturers have been unable to keep pace with foreign competitors.¹ In doing this they have exaggerated not only the importance of facilities for abusing our patent system as aids to the growth of such foreign supremacy, but consequently also the beneficial effects to be expected from the removal of such abuses. An examination of the circumstances of this particular case only confirms the truth of the doctrine that to produce flourishing industries the growth must come from within, and external legislative provisions are powerless to create this.

GEORGE SCHUSTER

¹ The manufacture of chemical dyestuffs, in which German manufacturers have practically a monopoly. For the causes of this cf. *Times*, Engineering Supplement, Nov. 17, 1909.

LAND AS A FREE GIFT OF NATURE.

THERE are studies of great interest in frontier economics. In one sense, indeed, all investigations into the economic aspect of present-day conditions are inquiries on the frontier, but it is to the frontier of Western civilisation that the term may be more suitably appropriated. And not the least interesting of these studies is the ownership of land under circumstances different from those obtaining in the West. It is not entirely academic, for there are even at present undeveloped areas, and places where the inhabitants maintain a humble antagonism to our theories of property. This was until recently the case in Pegu, the part of Lower Burma taken by the British in 1853, and it remained unaltered long enough to allow us to describe their treatment of the land with some degree of definition. And in Pegu there is an added interest. Economists have usually assumed with Adam Smith that it is "an early and rude state of society which precedes . . . the appropriation of land": in Pegu this was not at all the case. But the history of Pegu is naturally a subject on which most people can pardonably acknowledge ignorance; it will therefore be advisable to set forth clearly the two premises that the people were very definitely civilised, and that, nevertheless, land was still for the most part unappropriated, a free gift of nature to the whole community. We shall then be in a position to examine the economic aspects of their occupation of the land under such circumstances, and finally hope to suggest that the main features which characterise it have been more general than has perhaps always been suspected.

On the annexation of Pegu the inhabitants had dwelt there for some two thousand years, but there is no need to go back to the Chersonese of Ptolemy or the Suvarna Bhumi, the Golden Land of the Buddhist scriptures. Two hundred years before we took it the riches and prosperity of the country had been put on record by adventurers from Europe. Purchas translates the description left by Cæsar Frederick: "In the land, for people, dominions, gold and silver, the King of Pegu far exceeds the Great Turk in

treasure and strength.”¹ Fytch, the first Englishman known to have visited Burma, gives his testimony twenty-five years later: “To Cirion, a port of Pegu, come ships from Mecca, with woollen cloths, scarlets, velvets, opium, and such like. Painted cloth, white cloth, and cotton yarn from Portuguese and native ports of India, ships from Malacca come with sandals, porcelain, and other wares of China, and with camphora of Borneo and pepper from Acheen.” A long list is also given of “the merchandise which be in Pegu, gold and silver, rubies, sapphires, musk, benjamin, or frankincense, long pepper, tin, lead, copper, lacquer, whereof they make hard wax, rice, and wine made of rice and some sugar.”² He tells of brokers and money-changers, and joins with Faria and Pinto in admiring the marvels of the capital. It is true that constant warfare and oppressive rulers subsequently caused the trade and industry to retrograde, but there is the evidence of Symes, at the beginning of the nineteenth century, that they had not fallen into barbarism. The bankers were still receiving the moneys of their clients and charging a one per cent. commission on sales and purchases. And by this time shipbuilding had become a leading industry; on the stocks at Rangoon he saw many ships of burthen upwards of a thousand tons, and in the matter of their tariff he commends their methods as superior to those in England. “The Burmans set us an example of policy by remitting all duty on cordage, canvas, wrought-iron, provided these articles are *bona-fide* brought for the equipment of a new vessel; the port charges also are not exacted from a new ship on leaving the river to proceed on her first voyage.”³ They were evidently far distant from a condition of primeval barbarism.

It is difficult to estimate how much land had formerly been under cultivation. We are told of an alien monarch who converted the country into forest and prevented the tillage of the land for many years, and an attempt was made to colonise the country from the arid tracts of Upper Burma.⁴ San Germano, writing at the end of the eighteenth century, tells us that on his arrival “each bank of the great river Ava presented a long continued line of habitations; shortly afterwards returning, very few villages were to be seen along the whole course of the stream.”⁵ Symes also mentions evidences of former cultivation. And by the time we took the country the desolation was even more

¹ Quoted in *History of Burma*, Sir Arthur Phayne, p. 115.

² *Ralph Fytch*, by J. Horton Riley, 1899, pp. 165-166.

³ *A Mission to the Court of Ava*, Symes, 1795.

⁴ *British Burma Gazetteer*, 1879, pp. 547-548.

⁵ *Description of the Burmese Empire*, 1782 to 1808, Father San Germano.

complete. Tidal creeks fringed with dwarf palms and the prickly-leaved blue trumpet flower intersected plains of swamp and forest. From village to village was a long day's journey,¹ and the rich soil was recuperating in the damp luxuriant climate of the middle tropics. The villagers were for the most part salt boilers and fishermen; some apparently did not cultivate the land at all, the majority were certainly contented with cultivating for their own consumption; paddy, that now sells at £10 a hundred baskets, fetched at that time only half as many shillings; harvests were bountiful, but jettison of the rotting surplus was a not infrequent sequel. This comparative neglect of agriculture was itself a mark of progress; it arose from differentiation of function—for the wealth of those parts lay at that time largely in the fisheries. Preparations of salt fish are almost as necessary to the Burman as rice itself. There was no great demand for rice to be exported then, and for home consumption it could be cultivated elsewhere, while the fishing industry was almost a monopoly of the Lower Burma delta. It is of interest to note in this connection that the people had very definite ideas of fishing rights, and that the earlier English officials were as impatient of alleged hereditary possession of the fisheries as they were zealous in promoting the idea of ownership in land.² For, apart from the presumption arising from the area of waste, we have definite evidence that land was not yet "personal wealth"; there are the records of the time, and there is the verbal testimony of men still living who can tell of the conditions then existing.

Colonel Ardagh, who was in charge of Rangoon District in 1862, has left a valuable memorandum on "the mode of tenure by which the greater portion of the land in Burma is held."³ He shows that for the most part occupation is distinct from ownership,⁴ and writes of it as a system of tenure "fully recognised" by Government. "It is a system," he continues, "which if we desire to encourage, as we should, the idea of property and right in the soil, our efforts should be directed to gradually abolish." The people themselves are equally definite. To the Western mind, saturated with the idea of private property in land, it is difficult to realise that as a concrete fact land may be a free gift of nature.

¹ *Annual Revenue Administration Report*, Rangoon District, 1865-6 (unpublished).

² *Draft Letters of Deputy Commissioner*, Rangoon, 1867 (unpublished).

³ *Draft Letters*, 162.

⁴ In another district in many ways similar the Deputy Commissioner writes so late as 1875: "In this country cultivation can hardly be called a system" (D. C. Basse in *Annual Report*, '75).

The Burman seems to have much less difficulty in appreciating this; land is not even included among his seven traditional noble kinds of wealth. It has been my fortune recently to assist in some inquiries, which included an investigation of the former system of land tenure in the neighbourhood of Rangoon, and I was often told by old inhabitants, talking of former times shortly after the annexation, that "land had not yet become a 'thing,' " *i.e.*, a subject of property, or it was stated that "property in land developed about ten or fifteen years after the British occupation." The two premises may therefore be admitted, that Pegu was highly civilised, but that, nevertheless, there was for the most part no ownership in land. We can now proceed to examine the method of its treatment under these conditions.¹

One of the problems that seem greatly to have perplexed the first generation of revenue officials was the frequent abandonment of land. It was as a result of an inquiry into this that Colonel Ardagh left the memorandum from which we have already quoted. "In the majority of instances," he writes, "the villagers regard land, especially paddy land, to be common land, which, if unoccupied, any villagers have a right to take up, and which when they have done with it they have an equal right to throw aside. If not taken up, it remains the common fallowland of the villagers for a few years, until it finally, on being overgrown with jungle and long grass and the bunds partially obliterated, takes its place in the waste land of the village tract. Accordingly, where land deteriorates and requires a rest, it is thrown into the common fallow ground of the village, and may be taken up by anyone without being liable to objection by the previous cultivator, unless where the ground lying fallow impinges on the rest of his ground, in which case his permission is asked in a neighbourly manner." It is noted that in some cases the land was overworked as a result of this system: "Anyone who

¹ It is interesting to note the methods by which Government sought to establish a sense of property in land:—

(a) They introduced liberal fallow rates so as to encourage cultivators not to abandon land needing rest. This was at the instance of Colonel Ardagh.

(b) They took full revenue from all land abandoned unless the cultivator had specifically reported his intention of abandonment.

(c) They encouraged cultivators to take leave of land for a period of years, the leases including unoccupied land which could be cultivated without the payment of extra rent.

(d) They encouraged the granting of unoccupied land free of revenue for a period of years.

(e) They also attempted to improve the cattle supply by giving veterinary instruction and holding agricultural shows.

wishes to screw an extra crop out of the already impoverished ground takes it up and works it until at last it is too exhausted to give any satisfaction until it has been longer fallow than would have been necessary except for the bad treatment received by it." If, however, no one intervenes, "land thus capriciously abandoned is usually resumed by the previous cultivator."

It is true that this absence of the idea of property is not universal. There are a "few exceptions" where the cultivator "looks upon himself as having a prescriptive priority of claim to the cultivation, allotment, or disposal of the ground," and there were instances in which the land was "disposed of for money to third parties, either for a term of years, or for so long as the transferee is able to keep it under cultivation. But this is stated as taking place where the land has been originally cultivated and cleared by a villager, or where ground had remained uninterruptedly in possession of himself and his forebears for a long time. It is noteworthy that absolute disposal does not seem to have been contemplated. In another letter Colonel Ardagh talks of people being, as it were, "patrones" of the land, who, even if not in possession still, "regard themselves as the proper persons to arrange about its being cultivated or left fallow." But these were only exceptional instances, and the other system the more general. Another example showing how lightly land was valued is given in a Settlement Report a few years later.¹ In one neighbourhood we find the land was cultivated by traders from a distance, who disembarked during the cultivating season and worked the land in the village where they were residing, returning homewards with the harvest. In this they were following the fashion of the Burman army, who would postpone their operations during the rains, and literally live upon the country of the enemy.² Another characteristic of the times traceable in these records is the lightness with which the soil was worked. It is a matter of frequent comment that through cattle murrain or for other reasons plough animals were very scarce, and that in consequence cultivation was carried on by hand. Thus it is only natural that it speedily became exhausted except to more intensive labour. It has been estimated that at the time of the annexation the area occupied by each person did not amount to more than ten acres on an average.³ This is probably an underestimate, but even with this it will be readily understood that

¹ *Report on the Settlement Operations in British Burma, 1865-6.*

² San Germano.

³ *British Burma Gazetteer, 1879, p. 552.*

with shifting cultivation consequent upon the speedy exhaustion, the area worked over in the course of a few years would be considerable.

In the notes that I have taken during my inquiries into tenures there is found abundant corroboration of information yielded by the records, and it may be well to note that the local inquiries preceded the investigation of the records; they were, therefore, unbiassed by preconceived conclusions. Thus it is noted that in a certain neighbourhood "land first became the subject of property about forty to fifty years ago. Previously people worked fresh land where they wished, retaining for a certain time a lien on the old, which in one case was mentioned as having been sold for about a rupee an acre." In another instance: "At the annexation the village was deserted and the inhabitants ran into the mainland. . . . It was not until ten or fifteen years later that ownership in land became recognised." Again, "There was then no property in land; he worked where he wanted to, and I worked where I wanted to." At the present time, under normal conditions, new land gives a progressively increasing yield; this was not then the case: "The cultivators only worked enough land for their own food, moving about from place to place every three years. Land did not improve with age at that time, because cultivation was so light. There was no settled occupation of land until after the English occupation." In one neighbourhood they gave me an exceptionally full account which may be worth describing in some detail. They informed me that about fifteen families fled across the river at the time of the English occupation of Rangoon. Nine of them settled on the riverside, founding the village where I received the information. There was then no village here, but six other families moving a little way inland discovered one already settled on the high land of the neighbourhood, naturally the most favourable site for building. The land was covered with jungle of tree and grass; some of them took up enough for two years' cultivation, others broke fresh ground when they thought desirable, somewhat after the fashion of shifting taungya cultivation. They worked the whole of the land now included in the village jurisdiction and some two hundred and fifty acres that have since been allotted to another village charge. The remaining six families were refused admission by the inhabitants of then existing village, and had to form another hamlet at a little distance. They gradually, however, moved into the village, and when they formed the majority—there were only eight households in all—

the previous inhabitants went off to a small town adjacent, where they had relations. Some of the land relinquished by these people on their moving was subsequently cultivated by an immigrant from Upper Burma. Over fifteen hundred acres can be traced as having at some time been cultivated by the original inhabitants of these two villages or their immediate connections. Working as they did only a few acres at a time, it is not surprising that the earlier officials were faced with the problem of abandonment of land. It must be noted that this shifting cultivation and abandonment of land had no connection with nomadic inclinations: the village remained where it had first been founded; the isolated field hut of the individual cultivator might move from spot to spot, as it does even at the present day, but it always remained within the radius of a small circle. Indeed, of migration on a large scale there was very little after the disturbance caused by our arrival had once settled down. Government strenuously attempted to attract the immigrant; remissions of revenue for a period of five years, grants of land on favourable terms to fugitives of influence from Upper Burma, had little more effect than the attempts to colonise in Burmese times. In the Annual Revenue Report of 1867-8, in the whole of Rangoon District, 9,000 odd square miles, there are said to have been only 1,710 immigrants of all kinds during the year, while 971 immigrants of former years returned to their own countries. And the inhabitants themselves at that time hardly encouraged immigration. Instances were given of an immigrant from elsewhere marrying a daughter of the village. The two would clear some land together, and, Burman fashion, both should have an equal claim to such title as there was; but in such cases it was frequently the woman who was mentioned as the cultivator, the generation of outsiders having obviously been suspect.

We are thus able to form a fairly definite picture of the system of cultivation at the time. A few households, bound together by ties of family or common life, made a clearing in the jungle. In some cases they would dwell together, the better to secure protection from other men and from the elephants and tigers that were then common in the forest round them, and if this were done they would naturally select for the site of their hamlet the highest ground in the vicinity. But in many instances it is probable that each erected his own hut apart from his fellow-men, though usually within the hearing of a call. A body of immigrants they had good reason to distrust; an instance has been given of a village dispossessed of its lands by new-comers;

but their attitude towards the fresh arrivals was less stringent than that of the Australian towards the Asiatic, for they do not seem to have objected to the casual immigrant, who may even have cultivated near them for some time before they were aware of his propinquity. He might gain recognition by intermarriage with the residents, but even then was hardly held a member of the family, and joint occupation by himself and wife tended to give a title to the one that was better known, a point of view not very foreign to Western conceptions of relationship by marriage. Each family cultivated a small holding, but the cultivation was so light that the law of diminishing returns immediately began to operate and they were under no necessity to stave it off by working more intensively. When they moved, the land thus fallowed rapidly became almost indistinguishable from the surrounding jungle. In many cases it would, however, be taken up by someone else: with shifting cultivation and abundant waste it is a mere matter of choice whether a cultivator works new land or land that has been abandoned, the latter, as giving less trouble, would naturally appeal to the lazier individual, and it is probable that this "screwing an extra crop out of the ground" was at least as popular as clearing fresh jungle; land that had lain fallow a year or two would make particular appeal, and in a few years' time, therefore, there would be, roughly, a redistribution of the holdings, and still be left sufficient waste unoccupied, available for the more enterprising.

The characteristics, therefore, of the tenure in Pegu were temporary appropriation of the land during the period of occupation only; when done with it was restored to the community, like the atmosphere we breathe, changed, but after renovation in the usual course of nature, open to further use. The occupation was for the most part restricted to the people who lived near it, for there was no one else to occupy it, and among these occupants there tended to be redistribution; the land unoccupied was available for all. It is unnecessary further to insist upon the lightness of the cultivation; this may be taken as a corollary of the other features, which we hope to suggest were by no means restricted to Pegu. We have pointed out that Pegu was abnormal in possessing an advanced state of cultivation together with non-appropriation of the soil, and also in its comparative neglect of agriculture, due partly to the development of other industries. Save for the extra security of life, there is nothing in this which would cause their treatment of the land to differ from that obtaining under more primitive conditions; and it is not perhaps safe

to lay stress on the insecurity of life in former times; it may have been unsafe to travel, but then they did not travel. Nor did they greatly in Pegu; traders went up and down the creeks in boats, but we have noted the difficulty of inducing immigration.

There does not, therefore, seem any *prima facie* reason why these conditions of land tenure should be peculiar to Pegu, and we find that they have been supposed to exist in earlier times. The Mark system, as it could be described only a few years ago,¹ the system of land tenure in village communities, as described by Mr. Baden Powell, are both accompanied by the cultivation of land held as individual property during the period of occupation only, the restriction of occupation to members of the community and specially admitted immigrants, redistribution of the several holdings from time to time, and waste land held in common. Recent researches may have modified the theories of ten years ago, but in another part of Burma village communities have been found much more "true to type," according to the theory of Sir Henry Maine,² than those considered by Mr. Baden Powell. They have been described by Mr. Clayton in his report on the settlement of Katha District: "The local chief . . . paid an annual tribute . . . and in return a certain area of land was granted to him for his community. The chief was *primus inter pares*; the land was felt to belong to the community and not to the chief." In some cases there were two stocks or more: uncleared land then "belonged to the community as a whole." "Persons who left the community made their lands over to their relations or the chief for re-allotment."³ These features of land tenure have often been supposed dependent upon the political organisation of society into village communities. But another feature of the land dealt with in this inquiry is that it has little or no value in exchange. Mr. Clayton, who conducted the investigation, has enumerated 342 of these communal units; in 206 he finds no right to mortgage or sell the land, and in 72 of these cases no right even to lease it.⁴ Comment is especially made in the Government resolution on the report that "the figures of rents, sales, and mortgages are remarkably low." It is significant in this connection that "there is no local term whatsoever to express the meaning of communal unit," while even the equivalent provided by the official Government translator could not be understood. As has been frequently pointed out, the idea of property

¹ *Principles of Economics*, Marshall, p. 15. Fourth edition.

² *Village Communities in India*, 1899, pp. 60, 80, 96, 104-105.

³ *Settlement Report of the Katha District*, 1907, para. 3435.

⁴ *Ib.*, pars. 42-43.

"in common" is not a simple or primitive one;¹ there may be room for doubt as to whether this sentiment of appropriation to the community and of ownership in common of the uncleared waste is more than the natural resentment of a jungle dweller for unknown faces and unaccustomed accents, a sentiment of patriotism rather than of property. Similar objections to new arrivals have been noticed in Pegu.

We find, therefore, that the features which have been supposed dependent upon the political organisation into village communities are associated with a state in which there is hardly the idea of permanent appropriation of the land, and in which land is of so little value as scarcely to be worth appropriating, while they are not essentially different from the features of land tenure characteristic of Pegu. But the semi-independent members of the hamlets of Pegu cannot possibly be regarded as composing a village community. And there is a very important point of difference. In the village community, as we have seen it in Mr. Clayton's report, all revenue is paid on behalf of the village by the chief, who is *primus inter pares*. In him also is vested the local magisterial authority. But in Pegu the British found the revenue collected through, and the magisterial authority invested in, not the heads of each village, but the "heads over the Karen of each Township, over the fishermen, and over the brokers, over palm juice drawers and silver assayers, over the ploughmen of the royal lands and the cultivators of the royal gardens."² So that it was difficult to make those set in authority by the English "understand that they had jurisdiction over all residents in their charge without reference to their more personal jurisdiction."² We may, therefore, conclude that the features of land tenure in a village community are not dependent on the political organisation of society, but are the immediate effect of economic conditions, and that the land tenure in Pegu was a more general form which only under certain circumstances developed into that associated with village communities. In Pegu we have the original salt in solution; in Katha it has crystallised out practically unchanged; in other cases other reagents may have given rise to other modifications.

If, however, any valuable deductions can be made from the conditions of Pegu, it is a matter for the specialist. But the mode of land tenure seems worth recording, while verbal testimony is still remaining to give life to the old records. For by now it is

¹ E. G. Baden Powell, *op. cit.*, p. 128.

² *British Burma Gazetteer*, p. 549.

all a very old story; the people have good reason to appreciate the value of the land.

There is an ancient prophecy on record that in Syriam, the Cirion of Fytch, land would be worth in time ten thousand rupees for a portion of an acre. It is mentioned in a settlement report of thirty years ago, with the remark that land was then worth less than three rupees an acre. But an oil company has established workshops there, and close to them exists a little homestead site, for which the owners greedily rejected an offer of ten thousand. Although it is less than fifty years ago, we have moved some distance since land was a free gift of nature to the whole community.

J. S. FURNIVALL

REVIEWS

Insurance Against Unemployment. By D. F. Schloss. (London : P. S. King. 1909. Pp. 132.)

IN the present volume Mr. D. F. Schloss gives a concise account of what has been done by foreign nations to promote insurance against unemployment. The schemes described are of three types. First, there is the one and only experiment yet made in the direction of compulsory insurance, the scheme initiated by the Swiss Canton of St. Gall in 1895, and terminated—at the earliest possible opportunity—two years later. The record of this scheme is chiefly valuable at the present time as a compendium of fatal and obvious errors to be avoided; its disastrous failure cannot be taken as any argument against the principle of compulsion itself. Second, there are what may be called the schemes of direct voluntary insurance, by a fund specially created for the purpose. The characteristic of these schemes, when they do not fail altogether as at Basle and Venice, is that they remain all but insignificant in scope. After eleven years of activity the voluntary insurance fund of Cologne (a city of 430,000 inhabitants) had 1,382 members, who paid in about £1,000 a year as premiums and drew out about £2,400 as unemployed benefits—the balance being met by the municipality and private donors. Of the similar scheme at Berne, with 508 members, in its fifteenth year of operations, Mr. Schloss says the utmost that can be said in its favour when he observes that “within the limited sphere of its operations . . . though partaking rather of the character of poor relief than of insurance,” it “cannot be considered to be unsuccessful.” Third, there are what may be called schemes of indirect voluntary insurance, that is to say, schemes making use of some organisation already in existence. In effect this means subsidising trade unions which make provision for unemployment—the subsidy taking as a rule the form of a refund of a fixed proportion of the money paid out by the union to its unemployed members. In this form—the so-called “Ghent” system—the plan has been very widely

adopted both by national governments and by municipalities. The latest examples are afforded by Norway and Denmark, and to them accordingly most space is devoted—very useful translations of the actual laws being given in the Appendix.

Mr. Schloss, indeed, though his main object is to describe existing schemes of unemployment insurance in foreign countries rather than to formulate proposals for use in this country, does conclude with a definite recommendation in favour of a system which "should follow fairly closely the legislation enacted in Norway and Denmark." This is the more noticeable because, as is well known, the scheme actually foreshadowed for this country by the present Government is on somewhat different lines—applying compulsorily to all workmen, organised and unorganised, in certain trades. Mr. Schloss does not himself provide his readers with much material for deciding between these alternatives. He was not, of course, when he wrote, in a position to do so as regards Norway and Denmark themselves, because in both these countries the schemes were only just started. The Danish Unemployment Insurance Act only came into operation in August, 1907, and the Norwegian Act, though formally operative since October, 1906, remained abortive, owing to a dispute with the trade unions, till 1908. In these circumstances it is somewhat remarkable and very unfortunate that Mr. Schloss should have compressed his account of the "Ghent system" as it has actually been worked in Ghent since 1901 into fifteen lines and footnote. For in Ghent if anywhere is to be found at the present moment the material for discussing the merits and limitations of the plan of subsidising associations which provide unemployment benefit.

Unless such a subsidy can be shown to have a great probability of drawing into voluntary provident organisations the vast majority that now remains outside, it can in no way deal with the existing problem of unemployment. Apart from the point just mentioned, Mr. Schloss is in agreement with the Government and with expert opinion generally in requiring of any system of unemployment insurance that it should be organised by trades, should be national, and should operate in connection with labour registries.

The book as a whole is a very timely and useful contribution to a subject of great practical importance and equally great scientific interest.

W. H. BEVERIDGE

Boy and Girl Labour. By N. Adler and R. H. Tawney. (The Women's Industrial Council. 1909. Pp. 17. Price 1d., or post free 1½d.)

THE publishers—the Women's Industrial Council—were fortunate in securing Miss Adler and Mr. Tawney for this pamphlet. The main portion of it, dealing with boy labour, commences by adding the “exploitation of the juvenile worker for immediate profit without reference to his future career” to the definition of sweating. Unfortunately the authors do not make it clear that this is not a deliberate, but an unconscious, and almost automatic, exploitation brought about by the natural developments of the industrial system. The direct relation of boy labour and unemployment is next described, “industry's raw recruits” forming the bulk of those in distress from unemployment. The authors deal in turn with the manufacture of criminals, especially by street trading, the passing of the apprentice, the half-time system, and blind-alley occupations. Unfortunately the authors do not consider the possibility of dovetailing the last in a regular way with the trades where there is a deficiency of juvenile labour.

The authors next consider proposals “which are not remedies”—the revival of apprenticeship, skilled employment committees, and compulsory evening schools. Justice, however, is hardly done to the second agency, and, in the writer's view, apprenticeship is hardly as dead as they suppose. Their proposals for legislation consist of the abolition of the half-timer, raising of the school age to fifteen, and the “new half-time” system from fifteen to eighteen—thirty hours in the workshop and compulsory attendance at continuation schools for thirty more. The authors, however, do not appear to meet fairly the objections to the latter proposal, the difficulties in its way being greater than they appear superficially. Finally, immediate administrative reforms are suggested—regulation of street trading, co-operation in persuading boys to attend evening schools, and committees to assist boys about to leave school in finding suitable trades.

There is a short section dealing with girls, written by Miss Adler. It shows the good results of the two years' full-time course for girls in technical schools, but points out that such teaching is far more feasible in such employments as dress-making than in many boys' trades.

Small Holders: What they must do to Succeed. With a chapter on "The Revival of Rural Life." By Edwin A. Pratt. (London: P. S. King and Son. 1909. Pp. 242.)

MR. PRATT is a well-equipped and sober friend of the Co-operative Agricultural Movement in England, and this book is well calculated to explain the possibilities and limitations of small holdings in this country. The first half of the book seems to us much the stronger half. It opens with a clear account of small holdings in England, showing that the statutory small holders which are being created under the new Act are not oases in a desert of huge farms, but merely a small addition to the existing number of self-established small holders—an addition justified both by economic and social conditions at the present day. For there can be no doubt that in some counties, before the Act was passed, would-be small holders were refused land, not because they were unlikely to pay as good rent as bigger men or even better, but simply from social prejudice. This meant that the agricultural labourer was handicapped as against the townsman in starting for himself in a small way; and this was particularly regrettable in view of the social importance of keeping men on the land, and the possible economic superiority of small men in certain departments of agriculture.

After surveying the operations of the Act and declaring for secured tenancy rather than ownership, Mr. Pratt proceeds to the second half of his theme, which is to show that co-operation is essential to small holders. He adduces Continental experience, rather casually, it must be confessed, as when he writes (p. 98): "I can only trust that the particular body which chance thus brought under my notice is typical of French agricultural organisation in general."

The weakness of students of agricultural co-operation at the present day is, we think, this. Continental experience is recommended too indiscriminately. Thus Mr. Pratt describes the Raiffeisen banks in Germany, and concludes (p. 190): "The provision of special agricultural credit banks, meeting the needs of all classes of the rural community, would seem to be clearly indispensable." True; but that is what all students of the movement have been saying for the last ten years. What they have not found out is: why have credit banks done so little in England, despite the large propaganda which they have received? There are doubtless more reasons than one; but, personally, we think that one reason is this. The Raiffeisen model has been

recommended too straitly. German peasants are familiar with unlimited liability; our small men are not. German peasants have few good independent banks in the country; we have many such who might be disposed to work with small groups of local farmers on a limited liability principle.

Mr. Pratt's two last chapters on the human element and the revival of country life are interesting, but not full enough to supply much new matter. In the latter chapter he contents himself with summarising the recent utterances of President Roosevelt and Sir Horace Plunkett on the subject.

We have read Mr. Pratt's earlier works on agriculture, and can say with confidence that this new little book is well up to his former level. We hope that Mr. Pratt may find time some day to present us with an analysis of the financial operations of selected county council holdings. We should then know more exactly "what they must do to succeed."

C. R. FAY

Justice and Liberty. A Political Dialogue. By G. L. DICKINSON. (London: Dent. Price 4s. 6d.)

THE speakers in this dialogue are a professor, a banker, and a gentleman of leisure. They represent respectively the Socialist, Individualist, and Aristocratic standpoints. Most of the argument is in the hands of the professor, whose companions are, in comparison, slow of speech. He finds the words to elaborate their opinions. The result is a loss of dramatic interest, but a gain in lucidity and system. The balance of advantage is least evident in the case of the banker; many readers will regret that he, the plain man of the piece, should be so perplexed. Mr. Dickinson might claim that realism compelled him to introduce aphasia and intellectual fog into this character; but the professor does not adequately supply what is lacking in the banker, and this ought not so to be.

The greater part of the book should interest economists, for though marriage is touched upon, the central theme is property. The author feels that existing property rights are unsatisfactory, and that orthodox views about them are more unsatisfactory still. He sets himself to show the various ways in which our distribution of wealth breeds unfreedom and injustice, and to discuss possible alternatives to the existing system. Of these alternatives, an aristocratic solution, after Plato, is dismissed as both impracticable and undesirable, and this, the smaller part of the book,

hardly calls for comment here. We are left with Mr. Dickinson's attack upon the present distribution of wealth, and with two conceivably practicable ways of escape from it.

As regards the modern world, economists will find themselves at variance with the author rather in regard to the weight which he attaches to this or that consideration than with the general course of his analysis. At the worst they will accuse him of writing an exceedingly stimulating and suggestive essay on the wrong side of the question. From this statement, his treatment of the interest problem must be excepted. He does not think "the service of 'waiting' analogous to the service of work, nor to constitute in the same way an analogous claim to reward," and even asserts that economists "have been shamed into abandoning the grim jest" of calling interest the reward of "abstinence." I should hope that no economist, past or present, who has abandoned the term "abstinence" has been led to do so by shame. If anyone is to feel shame in connection with this controversy it should be those writers who have depreciated economic analysis because a technical term has jarred their preconceptions. At least, it should be understood that the "reward of waiting" theory is not a recantation but has grown out of the "abstinence" theory. And to pass behind terminology, one would like to press Mr. Dickinson in regard to the distinction which he draws between the reward of work and the reward of waiting. It is true that much saving would be done for its own sake, even if the rate of interest were nil, but it is also true that much work is pleasurable. In each case a price is demanded by individuals because more is required by society than they are willing to do for its own sake. I feel myself more sympathy with the view which denies alike to "work" and to "waiting" any validity as the basis to a claim for reward than with the view which distinguishes between them altogether.

On the other hand, economists can hardly be too grateful for the clearness with which the case against inherited wealth is developed. The part which it plays in maintaining economic inequities is admirably explained, whilst a trenchant dialectic is directed against the easy-going assumption that existing testamentary powers are essential to the maintenance of production. Again and again important points are made which ought to be at least considered in economic text-books. In his general analysis of earnings, Mr. Dickinson rises above the bulk of Socialistic propaganda. He perceives clearly that the root of modern inequities is not that those who make large incomes earn more than

the marginal value of their services, but that the existing distribution of wealth reacts upon its future distribution by limiting the number of candidates for admission to the better-paid employments. It follows naturally from this perception that Mr. Dickinson would abandon, in return for equalisation of opportunities, much that is dear to many Socialists. Provided men could start fair, he would allow individuals to retain any rent of ability they might be able to secure by "holding up" their capacity until wages commensurate with its marginal utility were offered. He even works out with a good deal of sympathy, though ostensibly for the benefit of his friend the plain man, a social scheme in which ~~great~~ part of the national capital should still be administered by individuals with a view to profit on price—following herein certain indications in Mr. Wells' *Modern Utopia*.

His favoured scheme, however, remains collectivist. Supply and demand, indeed, both for goods and labour, are to operate as they do now in favourable cases. He is anxious to retain as much as possible of the "automatism" of modern society, and with this object would permit individuals to spend their incomes as they chose, and to select whatever employment suited their tastes best. Bureaucratic offices would direct production along the lines marked out by demand, and would so adjust wages in different grades and industries as to attract to each the appropriate supply of labour. In all this there is nothing new. It is the Fabian Utopia restated; but restated in fresh and vigorous fashion.

The book rises again in its discussion of practicability. To the plain man's picture of a Utopia driven to anarchy by the persistence of modern political and business ethics, he answers in memorable words: "I wish I were less candid than I am! How easily I should answer you. I should overwhelm you with check and counter-check, with local and central councils, with inspectors and commissioners and committees, with competitive examination, and security of tenure, and all the machinery of government. I should admit frankly that every individual, and every trade and occupation, would always be trying to cheat the community; and then I should claim to checkmate them all by the ingenuity of my institutions. But I can't do it! Candour compels me to admit that a community whose morals should be such as you describe, would make very little except confusion and disaster of any form of Collectivism."¹ In the concluding section on "The Relation of Ideals to Facts," the more metaphysical side of Mr.

¹ P. 155

Dickinson's genius asserts itself. It is probable that few will read the final speech of the professor without some feeling of shame, or wonder, or longing, or hope.

H. O. MEREDITH

By What Authority? The Principles in Common and at Issue in the Reports of the Poor Law Commission. By JOHN. H. MUIRHEAD, LL.D., Professor of Philosophy in the University of Birmingham, with an Introduction by SIR OLIVER LODGE, LL.D., F.R.S. (London: P. S. King and Son. 1909. Pp. ix + 90.)

AMONG the many short books that the Poor Law Reports have already called forth we venture to think that Professor Muirhead's will not be the least valuable. It originally appeared in the form of articles in the *Birmingham Daily Post*, all except the first being written subsequently to the appearance of the Reports. The book is not a summary of the findings of the Commission, but ventures on the more ambitious work of "healing and settling." Its objects, as described in the author's preface, are three-fold, namely, to bring out the main features of the results of the investigation, to criticise and contrast the proposals of the two Reports, and to suggest how what is valuable in both of them may be combined in a comprehensive system of reform. The result is a most interesting and valuable little book, and one cannot but be grateful to Professor Muirhead, for emphasising what is too apt to be forgotten, that there is a very great deal that—in spite of many differences—the two reports have in common. There is much truth in the saying quoted by him that "the Minority agree with the Majority so far as they go, but prefer to go a good deal further."

To take the book in detail, the first paper, "Waiting the Issue of the Report," shows clearly and convincingly the grounds for radical changes in the existing system. Such are the growing differentiation of the duties of Guardians, the necessity for segregation which in 1834 was preached to deaf ears, the idea of prevention and cure rather than deterrence, the recognition of the collective responsibility for unemployment, and the power of a positive as contrasted with the merely negative motives of the old Poor Law. Above all, with the change in the nature of the problem from a mainly rural to an urban one, and the corresponding growth of casual labour, the work to be done has outgrown and rendered obsolete the old machinery. In another paper, however, Pro-

fessor Muirhead does not forget, as too many do now, to pay his tribute to that supremely able piece of work, the "Report and System of 1834."

The second paper deals with the general features of the Reports, and under the title of "Sociology in being" comments upon the thoroughness of the investigation; and it is here that the points of agreement in the two Reports are most strongly insisted upon. "The extent of the agreement is even more remarkable than the difference." Professor Muirhead comments on the conspicuous absence of any appeals to the principles of 1834 in the Majority Report, which insists on the mistake of trying to apply them rigidly to a state of things they were never intended to meet. Again, "from the Report of the Minority there is an equally marked absence of the formulæ and industrial aspirations of current Socialism." He pays, further, a well-deserved tribute to it, and more particularly to Mrs. Sidney Webb; and especially comments on a "feature likely to be overlooked," namely, the Memoranda added to the Majority Report, notably that on the "Hampstead System of Co-operation by Means of a Council of Social Welfare." (Mr. T. Hancock Nunn). The paper, moreover, includes a list of no less than nine questions of first-rate importance, upon which the whole Commission, Majority and Minority alike, were agreed.

The next few papers deal with the salient points of the Reports, together with the attitude adopted towards them by the Majority and Minority. First, "The Case for a New Authority" shows agreement in demanding a wider administrative area for purposes of differentiation, the abolition of the mixed workhouse, and the carrying out of the forgotten maxim of 1834, "aggregate in order to segregate." The widest difference here is over the question of the authority to be established, the Majority favouring the survival of some form of *ad hoc* authority. Paper IV. treats of the "Causes of Pauperism," of which old age, sickness, drink, casual and boy labour, and unwise relief are the chief. The main difference now is that with the Minority casual labour is practically the only *vera causa*, but with the Majority it is but one of several, though the most important. The next three papers treat of the extent of the evil of unemployment, the inadequacy of existing agencies, and constructive proposals. In this last, too, the analysis of the points of agreement and difference between the two sections of the Commission is ably carried out, whilst the grounds on which the proposals of each of them are based are stated concisely and clearly.

When the author comes to "Rival Administrative Proposals of the Two Reports" (Paper VIII.) we get the significant statement concerning that of the Majority that "the more closely we study it the clearer it becomes that the signature represents rather the united force of opposition to the proposals of the Minority than absolute unanimity among the signatories themselves." This and the next paper ("Comparison and Criticism"), therefore, deal with the different questions at issue, divided by the author into four main and four subsidiary headings. The criticism is excellent, and, admitting that the two paths proposed "diverge from the outset," Professor Muirhead inquires how far this divergence is fundamental, and concludes with propounding a scheme in which all that the author considers best in both Reports is combined (Paper X., "Summary and Conclusion"). There is a useful little bibliography, chiefly composed of a list of appendices to the Report and the books it has so far caused to be produced.

Professor Muirhead has performed his task admirably, and his attempt to bring together what is best in both Reports was well worth the making. Each contains so very much that is good. Each is often strong just where the other is weak, and each will probably play a large part in the new system of the future. It is well, therefore, that this attempt should be made, and with the tendency that has already appeared to regard the two Reports as opposites, if not actually hostile to one another, a book like this will serve a very useful purpose. More especially is this the case when it is written with the ability, the clearness, and the impartiality that have characterised Professor Muirhead's treatment of such a very complicated and controversial subject.

N. B. DEARLE

Factory Legislation of Rhode Island. By JOHN KER TOWLES, Ph.D. [*American Economic Association Quarterly*, October, 1908.] Princeton and London, 1908. Pp. vii+119. Price, in paper, \$1.00.) *Factory Legislation in Maine.* By E. STAGG WITHIN. [*Studies in History, Economic and Public Law, Columbia University*. Vol. XXXIII., No. 1.] (London and New York, 1908. Pp. 145. Price \$1.00.)

THE two volumes before us will possess considerable interest for English readers by the means they provide for a comparison of the history of our own factory system with that which has prevailed on the other side of the Atlantic, and for that reason we may hope that other writers will take up the study of other States of the Union in this connection. As both authors show,

English legislation has been, in many respects, the standard which legislators in America have set themselves to follow. Further, the history of these two States bears in some respects a close resemblance to our own, more particularly in the abuse of child labour in Rhode Island, and, in both, in the difficulty of securing a due enforcement of the laws that were passed. Careful observers will, indeed, notice many points of difference between the two continents, but it is in following the system of the two American States and noting how far their experience of the subject follows, and how far it has departed from, that of England that the chief fascination in the inquiry lies. On the whole, one may say that these States did not experience to quite the same extent the worst evils that followed from our own Industrial Revolution; and this is more particularly true of Maine, where the growth of the industrial system seems to have been far freer than in Rhode Island from the abuses and the sufferings that customarily attend it. The two books before us, without possessing any particular grace of style, give a clear, concise, and, on the whole, orderly account of the history of factory legislation in their respective States. In this lies their great merit, and they are well worth the attention of those who are interested in the subject.

After a short introductory sketch of the factory system in Rhode Island, Mr. Towles devotes a considerable amount of space to the question of child labour (Chapter II., pp. 5-56). He divides this into three periods. The first ended in 1840, and saw the rise of the evil of child labour and some apparently abortive attempts to deal with it. The second covers a time of legislation from 1840 to 1883; while the third embraces a new phase of legislation resulting from the Act of 1883 and lasting down to the present day. It is here, perhaps, that the conditions bear the closest resemblance to those that prevailed in England. The third chapter deals with the hours of labour, and we may note that both in Rhode Island, and especially in Maine, more direct efforts appear to have been made to deal with the hours of adult male labour. The fourth chapter is concerned with the Factory Acts, that is to say, the Acts establishing a system of factory inspectorship, a minimum of sanitary requirements, and the general safety of the workers; whilst a special treatment (Chapter V.) is given to one particular branch of the subject, namely, fire escapes and elevators. Finally, the last chapter (No. VI.) describes the Bureau of Industrial Statistics, which, the author says, "has probably not been worth its cost to the State." One great advantage Mr. Towles's book has over Mr. Within's is the greater

clearness given by its separate treatment of the various branches of the subject.

The province of Maine, which the latter describes, appears originally to have been an offshoot from that of Massachusetts, and to have "inherited from it as its birthright certain legislation." The author divides his subject into four branches, namely, legislation for children, control of the time of labour, regulation in regard to wages, and, finally, legislation and inspection of dangerous machines and protection from fire. The author shows how some of this legislation can trace its origin back almost to the time of the settlement by the Pilgrim Fathers, notably in the first case, where provision of school facilities was attempted as early as 1636. The State of Maine, as has been mentioned, does not appear to have suffered to the same extent as Rhode Island from the evils of factoryism, whilst on the other hand legislative attempts to deal with those that existed appear to have been made earlier and more effectively. The book is divided into two parts, the first (pp. 15—119) dealing with the history, and the second (pp. 123—141) with the present-day administration of the factory system in Maine. Child labour, as in Rhode Island, seems first to have attracted attention, and Chapter II. describes the earlier legislation (1847—1855), and Chapter III. the movement for the substitution of State for local regulation, which was successful in 1887. The attempts to regulate wages, described in Chapter IV., did not aim at fixing directly the rate to be paid, but, as in England, dealt with such subjects as the time of payment, truck, and the wages of married women. The resemblance is indeed quite close. 1887 seems, like 1883 in Rhode Island, to have been prolific in factory legislation, and a separate chapter (No. V.) is devoted to that year, another (No. VI.) to its expansion up to 1903, and the seventh to the child-labour movement of 1905—7. The rest of the book deals in four short chapters with the present-day administration of the law, and there is a serviceable appendix containing an index of the State Labour Laws. Altogether this book, like that of Mr. Towles, is an interesting and useful compilation.

N. B. DEARLE.

The Development of the English Law of Conspiracy. By JAMES WALLACE BRYAN. (Johns Hopkins University Studies in Historical and Political Science. Baltimore: 1909. Pp. 161. 75 cents.)

MR. BRYAN'S able essay on the history of the English law of conspiracy deals for the most part with matters which are of

interest to the lawyer and legal historian rather than to economists. Of the five chapters into which the work is divided, only the last, that on "Combinations of Labour," has any close connection with the legal and legislative problems raised by combinations having an economic purpose. Two interesting points are brought out—first, that the application of the common law of conspiracy to combinations for mercantile and industrial purposes is extremely modern; secondly, that this application was largely due to the prevalent economic theory of the time.

The mediæval civil action of conspiracy was the forerunner of the modern action for malicious prosecution; it belongs to a period when the administration of the law is uncertain in its operation, and the law of evidence undeveloped, so that a criminal prosecution may by intimidation, fraud and perjury be easily turned to the oppression of the innocent. It thus is founded on the same policy which made illegal the maintenance of lawsuits by persons having no lawful interest in them. The importance of the action for conspiracy in this form disappeared when it was established that a malicious prosecution was actionable apart from any combination.

The crime of conspiracy seems to have had its origin in the same policy, as will be seen by a reference to the statutes of Edward III. for the punishment of those who make "alliances, confederacies, and conspiracies to maintain parties, pleas, and quarrels." It is not till we get to the seventeenth century that we find the rise of prosecutions for conspiracy or confederacies consisting of agreements to do harm in matters unconnected with the administration of justice. In this period we can trace the growth of a principle that what is lawful for one man to do may be criminal if done by a number acting in combination, a principle suggested perhaps, as the author thinks, by two cases at the beginning of the century (Amerideth's case, 1600, and Lord Grey's case, 1607), though these were essentially cases of maintenance; implied in Starling's case (1664), and stated expressly in the Journeymen Tailors' case (1721), if the report of that case is to be trusted. Even this case, however, was not an actual decision on the point; the question raised was one as to the form of the indictment, and the statement that a "conspiracy of any kind is illegal, though the matter about which they conspired might have been lawful for them, or any of them, to do, if they had not conspired to do it." is merely an *obiter dictum*, as was pointed out by the late Mr. Justice Wright ("Wright on Criminal Conspiracies," p. 53). We are not quite sure whether Mr. Bryan,

who unreservedly accepts the authority of the case, has quite appreciated this point. But the principle seems to have been generally accepted as regards combinations of workmen; it recurs in judicial dicta during the eighteenth century, and eighteenth-century statutes seem to assume it. For the time being the question whether this principle was really part of the common law was of little importance in view of the existing statute law. The mediæval statutes for the regulation of wages had culminated in the Act of 1562, which provided for the fixing of the rate of wages by the justices of the peace, a statute which, though it gradually ceased to have any practical effect, was not repealed until 1875. Side by side with this legislation there had been a series of Acts prohibiting combinations of workmen for the raising of wages, extending from 1360 to 1548. In the eighteenth century the old statutes were felt to be insufficient for the purpose of checking combinations of workmen, and a series of new Acts were passed with reference to special trades for the punishment of workmen who took part in such combinations. At the end of the century two Acts were passed applying generally to all trades (1799, 1800), which, as the author says, "represented the highest point ever reached by repressive labour legislation," and which remained in force until the repeal in 1824 of the laws relating to combinations of workmen. The repealing Act repealed not only the statute law, but also any common law rule rendering combinations of workmen or masters illegal. In the next year a reaction in public opinion led to the substitution for the Act of 1824 of a new Act which likewise repealed the previous statute law, but restored the common law. This Act (like its predecessor) also contained stringent provisions against the use of "threats or intimidation," "molesting or in any way obstructing another," provisions which seriously hampered trade unions as soon as it was held that an announcement of an intention to strike (*Perham's case*, 1859, *Walsby v. Anley*, 1861) amounted to a threat, and that persuasion of workmen to leave an employer amounted to molestation or obstruction (*R. v. Duffield* and *R. v. Rowland*, 1851) within the meaning of the statute.

Again, the Act of 1825 had expressly legalised combinations for certain purposes, such as advancing wages or reducing hours of labour. But a combination entered into for the purpose of dictating to an employer whom he should employ did not fall within the exemption, and in 1832 we find reported a strong expression of opinion (to say the least) that a combination of workmen for

the purpose of dictating to an employer whom he should employ amounted to illegal compulsion (Bykerdike's case), and this principle was acted upon in later cases, though not consistently (Druitt's case, 1867; Bunn's case, 1872; but contrast Selsby's case, 1847, Sheridan's case, 1868).

These were criminal cases, but when the legislation of 1871-1876 had rendered trade union action, except in cases of picketing and violence or threats of violence, immune from the criminal law, the question of a possible civil liability at common law for oppressive combination became one of practical importance. The *Mogul* case (1891), in which it was sought to render a combination of ship-owners liable to their rivals, who had suffered from such combination, was decided in favour of the defendants, on the ground that the defendants' acts were done with the lawful object of protecting and extending their trade, and increasing their profits; and Lord Bramwell insisted on the parallel between such a combination, and an agreement among workmen to cease work except for higher wages, an agreement, in his view, always lawful at common law, and now declared to be so by statute. But in the case of *Quinn v. Leathem* (1901), officers and members of a trade union were held liable for a combination formed with the intention and with the result of causing damage to an employer in order to punish him for his refusal to dismiss a non-unionist. The difference in the result of the two cases seems to turn ultimately on the views held by judges of the economic aim and value of the combination. A combination for the purpose of raising wages or of crushing trade rivals is a sufficiently direct mode of promoting the economic interests of those who combine, to justify the infliction of loss on those against whom the combination is directed. But in a combination which aims at preventing non-unionists or those who break trade union regulations from getting employment or carrying on trade, the Courts have refused to look beyond the immediate object of inflicting punishment to the more remote object, the ultimate advancement of the interests of the members of the union.

The author takes note of the Trade Disputes Act, 1906, the effect of which is, as he rightly says, to negative in the case of trade disputes any liability based on the mere fact of concerted action. The history of the law of conspiracy, strictly so called, would seem to be closed by that Act in the class of cases in which it has in the last two centuries been of the greatest importance. But, as he points out, it is too early to say how this Act will be judicially interpreted, and the Courts have shown a dis-

position in the most recent years to treat the element of combination as of secondary importance. Strong dicta in cases shortly before the Act show a tendency to hold that "if a single person were placed in a position which enabled him to wield the combined powers of a multitude, he should be subjected to a proper degree of legal responsibility for his acts." The recent case of *Conway v. Wade*, decided (since the appearance of this work) in the present year by the House of Lords, was in terms only a decision that no trade dispute existed or was in contemplation, and that the Act therefore did not apply; but unless it can be said that the defendant's counsel, by confining themselves in the Courts below to this point, had precluded themselves from raising any other question on the final appeal, the judgments seem to involve the proposition that an individual who, by putting pressure on employers, prevents a workman from getting employment, incurs liability for such conduct if he cannot bring himself within the statutory exemption. How far, in the case of a trade dispute, the Courts would wish, or would be able, to escape from section 4 of the Act, which provides that no liability shall be incurred "on the ground only" that an act "is an interference with the trade, business or employment of some other person, or with the right of some other person to dispose of his capital or labour as he wills," is a question to which no certain answer can be given at present. As the author says, "the judges show a willingness to make new rights in behalf of individuals, which may not be infringed by the acts of their enemies in an industrial dispute." But one may doubt whether something a good deal more concrete than "the ordinary rights of citizenship" would not need to be called into play before the effects of that section could be nullified by judicial interpretation. One of the judgments in *Conway v. Wade* suggests that the conception of a "threat" may once more play a part in fixing trade unionists with liability.

The author has produced a wonderfully complete review of the history of this branch of law in a readable and compact form; no statute or decision of any importance seems to have been overlooked. The only fault that can be found is the absence of a table of statutes and cases, a somewhat serious omission in the eyes of lawyers. One may venture to express a hope that before long Mr. Bryan will do something of the same kind for the American law on the subject. Such a work would be of the greatest value and interest on this side of the Atlantic, inasmuch as the American Courts, owing to the comparative absence of

statute law, have had a much freer hand in developing the common law, and would seem to have gone much further in the attempt to formulate principles for the solution of the problems which arise than those of this country.

W. M. GELDART

Valuation of Real Property By CLARENCE A. WEBB, Joint Author of "Rates and Taxes." (Crosby Lockwood and Son. 1909.)

OF this book the author says in his preface that "it is intended to give students and candidates in the examinations of the Surveyors' Institution, Auctioneers' Institute, &c., a general knowledge of the principles and practice of the Valuation of Real Property for the various purposes for which it is required." The volume itself is certainly not commensurate with its comprehensive title, for Mr. Webb has endeavoured to compress into 300 pages a great variety of subjects, not hitherto brought together in one volume, and which, for adequate treatment, would require a huge tome. The author, of course, lays no claim to originality for his work; but it will doubtless appeal to students who wish to obtain, within the smallest possible compass, information of a more or less superficial character on a great number of subjects connected with the profession of a surveyor and valuer. Speaking of the book generally, the chapters display great inequalities in merit. This, however, is only natural, considering the wide range of subjects embraced, and the difficulties attending condensation. The author, reasonably enough, felt it necessary to deal with all the subjects treated, but he would perhaps have been wise in excluding a few chapters. The only real feature of novelty lies in the fact that the book embraces matter for which, hitherto, more than one volume would have had to be consulted. Even if only for this reason, members of the profession, as well as students, will often find it exceedingly handy for reference, and the latter half of the volume will particularly appeal to them. Taking the chapters individually, the author's dictum that "the valuer must fully understand the purpose for which the valuation is required," and fix his valuation accordingly, is one which calls for more than passing comment, for Mr. Webb's language is, at all events, open to misconstruction. He says (p. 2) that in "a case where property is being compulsorily acquired by a public company . . . the valuer is

quite justified in taking a somewhat liberal view of the value of the property." Now, it is quite true that no surveyor should recommend the same sum to be advanced on mortgage as he would fix as a reasonable price to be asked if the property in question were to be sold. The intrinsic value of the property is, however, one and the same. When valuing for mortgage, everything of a speculative nature should—as Mr. Webb says—be excluded, and a margin of safety provided in addition. But intrinsic value embraces prospective value. Hence, when a valuation is being made for compulsory purchase, the seller is only entitled to the intrinsic value plus a reasonable percentage for compulsory sale. Now, Mr. Webb's words, "a somewhat liberal view," would imply a great deal more than a reasonable percentage, and, unfortunately, "liberal view" are only too often taken in such cases to the great detriment of the profession. The evidence of many witnesses has made the profession a laughing-stock over and over again, for the valuer has often regulated his figure according to the side he is on. It is only necessary to read the evidence given, say, in a few rating appeals, to gauge the depths to which some members of the profession have permitted themselves to fall. Chapter I., which is otherwise good, is marred by two circumstances. The first is the fact that the valuation of agricultural land—an immense subject—is dismissed in less than two pages. This, too, in a book professing to deal with the valuation of real property is rather absurd. The second is the crudeness and amateurishness of the method used by the author (p. 19) for finding the value of a building estate. He disregards altogether the value of the estate as accommodation land during development; and, although a considerable time must necessarily elapse before the first returns from the property can come in, he arrives at the present value of the capitalised ground rents by assuming that it can all be covered at once, and then deferring the capitalised site value of the whole for four years, instead of assuming a certain rate of development.

Further, as regards the cost of road-making, sewerage, &c., he assumes that the whole estate can be dealt with in the twinkling of an eye, and does not defer at all. Chapter II., on the valuation of buildings, does not contain much more than a *réchauffé* of a well-known price-book, with different examples. Chapters III. and IV., on valuation for mortgage and the valuation of timber, respectively, are two of the best in the book, and are excellent condensations of two important and difficult subjects. Chapter V., on arbitrations, suffers somewhat

from over-condensation, for it is decidedly only a sketch in outline. Chapter VI., which deals with compulsory purchase, is a good summary, and the examples will be much appreciated by students. At first sight it appears strange that, although Mr. Webb describes himself on the title-page as a rating surveyor, his Chapter VII., on valuation for rating, should be one of the weakest. The difficulty of condensation in such a case is, however, enormous. It seems a pity that the author should have even attempted to cram the gist of such a large subject into thirty-six pages, and it is to be feared that students will not be able to gain even a smattering of the law and practice of valuation for rating from them. One or two points in this chapter call for special notice. In his example of the valuation of a railway on page 138, the author takes the tenant's capital as being equal to 176 per cent. of the gross receipts. The case may be a very exceptional one, but the percentage given is enough to make the surveyors of most railway companies turn green with envy. Again, in the section on "contributive value," the subject is not taken up seriously, the author giving little more than the history of the Great Central Railway Co. v. Banbury Union case. Chapters VIII. and IX. do not possess any special features. They consist largely of official instructions concerning income-tax and death duties issued from Somerset House, but these will often be useful for reference. Chapter X., on copyholds, seems to be among strange bedfellows, wedged in, as it is, between those on death duties and the Licensing Act. It is, however, a good chapter, and the examples will be studied by students, since they are not generally given in text-books. Chapter XI., on the Licensing Act of 1904, consists for the most part of the memorandum on the subject issued by the Commissioners of Inland Revenue, and the Kennedy judgment, but it will give candidates for examination a good idea of the principles involved. Chapter XII., which treats of fire insurance, is not remarkable in any way. In Chapter XIII., the author shows how Nos. 1 and 4 of Smart's well-known tables are constructed. Although these two are those most frequently used by valuers, it seems a pity that Mr. Webb did not treat the remaining three similarly, if only for the sake of completeness. The tables he gives very properly exhibit all the usual rates of interest, and, in Smart's fourth table, the rates are shown up to 8 per cent. The supplementary chapter which professes to deal with the Finance Bill of 1909 consists of neither more nor less than extracts from the Bill as it stood after the second reading in the House of Commons. As the

Bill itself can be bought for 6½d., it is a little surprising that the author thought it worth while to include it.

Originality, which would add something new to the economic side of the subject, cannot, of course, be looked for in a condensed summary of other text-books and official instructions, such as this is. Its compilation must have entailed a great deal of labour in the shape of condensation, &c., but it is essentially a book for the crammer and the student, and scarcely a contribution to the economics of valuation. Nevertheless, it is likely to command a ready sale, embracing as it does such a wide range, and embodying a great deal of information as useful to the professional man as to the student.

F. OLIVER LYONS

Columbia University—Studies in History, Economics, and Public Law. Vol. XXIX., No. 2. *New Hampshire as a Royal Province.* By WILLIAM H. FAY, Ph.D. (New York and London, 1908. Pp. 527. Price \$3.00.) Vol. XXX. *The Province of New Jersey, 1664—1738.* By EDWIN T. TANNER, Ph.D. (New York and London, 1908. Pp. xvi+712. Price \$4.00.)

NEITHER of the books before us has a directly economic aspect, but each deals with general political and social history. Mr. Fay's book covers a period of some 170 years from the giving of the Charter to the London and Plymouth companies in 1606 until the conclusion of the War of Independence. Apart from this connection with the chartered companies, however, two chapters have a special interest for the economist, Chapter IV. (pp. 209-320), on the land system, and Chapter V. (pp. 321-420), on finance. The former deals largely with the question of titles to land, and is mostly concerned with describing, not very concisely, the consequent disputes and attempts to settle them. The chapter on finance is far more interesting, and deals with a number of subjects, including currency questions. At the beginning of the chapter the author points out that "although the early settlers brought some money with them from England, it was by no means sufficient to answer the ordinary purposes of trade. The result was that they were compelled to resort to a system of barter." The prolixity of the treatment is somewhat mitigated by the detailed table of contents which the author provides.

The economic interest of Mr. Tanner's book lies chiefly in the distinction between the economic and legal aspect of the

"Proprietorship" in New Jersey. This was both a form of land-ownership and a grant of governmental power, and for a clear understanding of the complicated legal questions arising in the "Province" a sharp distinction must be drawn between the two. For the first half of the period covered these political rights were actually exercised by the "proprietors," but in 1702 they were surrendered. The book as a whole deals almost entirely with political, and especially constitutional, questions, but chapters deal with the land system (No. III., p. 57) and land troubles (No. IV., p. 80) in East Jersey, and the land system of West Jersey (No. VI., p. 112), all previous to 1702. There is a chapter on financial affairs subdivided into expenditure, taxation, and bills of credit (No. XXIV., p. 558), and the last two chapters deal with the proprietorship under royal rule in East and West Jersey respectively. The main defect of the book is its inordinate length—712 pages—to describe less than eighty years of the history of a single province. It is not redeemed by a detailed table of contents, as in Mr. Fay's case, though there is something of an index.

N. B. DEARLE

Australien, in. Politik, Wirthschaft, Kultur. By Dr. Robert Schachner. (Jena, 1909. Pp. viii + 464.)

THIS volume is the fruit of a prolonged stay in Australia, during which the writer tells us, he learnt to love the Australian people and to believe in their future. The work is almost encyclopædic in the ground it covers. History and contemporary politics, local government, economic conditions and industrial problems are treated exhaustively. A detailed description is given of educational methods and institutions, of laws and customs, of the Church, of literature and art, of the stage and the Press. An appendix adds particulars of recent legislation, tables of weights and measures, and a useful index. The writer has spared no pains to bring within the compass of a single volume the maximum of information, derived largely at first hand, concerning a land and a people with whom he is in real sympathy.

The book falls into three divisions—politics, economics, and general culture. In each case the writer describes, in the minutest detail, the beginning and development of everything, and traces to their origin the obvious defects of existing systems. Thus the financial policy of the country was long unsound. A period of reckless borrowing was indeed followed by wiser counsels, and the public finances are improving; but Australia

is more heavily indebted in proportion to her population than European States. The existing population is numerically insufficient to develop the resources of the country, a fact amply borne out by the proportion of land actually under cultivation. Nor does the population increase at all rapidly. It is easy to read between the lines what a change for the better would ensue if Germany might send of her best to develop the latent possibilities of soil and country. The backward state of the land is due to the reckless and corrupt policy of early days, when vast tracts were given away without any guarantee on the part of the settlers of the means or capacity to cultivate to advantage. These tracts are unproductive to this day.

The industry of the country is as yet too young to have accomplished much, and the recent tariffs can only be described as a leap in the dark. The issue is doubtful, but Australia has yet to learn that the rivals to be feared are not badly-paid foreign workmen, but the skilled mechanics of Germany and America, behind whom stand the technical school and the universities.

In local government Australia has suffered from the inherent British tendency not to make rules and provisions for the future, but to proceed in haphazard fashion until these are forced on her by necessity and circumstance. But while Great Britain has travelled far from this position, public activity in Australia is still lamentably deficient. Under the head of State Socialism the writer describes the ineffectiveness of State enterprise. And yet the State has, by defining its own sphere of action very widely, both hampered and demoralised municipal activity. A case in point is the town of Adelaide whose request for a new metropolitan slaughterhouse was under consideration from 1899 until 1908. In matters of sanitation and public health the State makes laws which the municipality, for want of initiative, does not enforce. With the single exception of New Zealand, we find apathy in every quarter, and outside the capitals municipal enterprise simply does not exist. But reform, the writer concludes hopefully, must come in a democratic country, and the improvement of local government is only a question of time.

As regards the politics of the country, the writer is more encouraging. To the morality of the public life of to-day he pays the tribute of declaring it to be as clean as that of Germany or Scandinavia. Individual lapses may occur anywhere and prove nothing, to the contrary. He deplures, however, the openings given by party government to self-interest, and instances the number of Parliamentarians who leave their country for the safe.

and pleasant position of colonial agent in London. . Worse even is the election of party politicians to the judicial bench. Nevertheless the public life of Australia breathes a healthy spirit, and America might go to school in Australia to learn the lesson of sound democracy.

It is in this democratic—this judicious democratic—policy that the writer sees the hope of Australia and the safety of its future. On the subject of Imperial policy he is sceptical and not enthusiastic. The Sovereignty of England is a necessary evil, acceptable since Australia's position in the near neighbourhood of rising Eastern States makes national independence impossible for the present. • England has not succeeded in hiding from her colonies the fact that her aspirations in industrial matters are at bottom egoistic. Her foreign policy is too narrow and insular, too much concerned with petty European questions to strike responsive chords in the Southern Hemisphere. Her humane policy towards coloured and subject races constitutes a real danger to the labour politics of Australia. A smouldering opposition exists, too, between the Australian and the British Governments on the question of Irish Home Rule. Lastly, the writer claims to have found among thoughtful men in Australia the evidence of an uneasy feeling that the Crown has too much influence in the England of to-day. The cause of Imperialism needs either a change in the ideals of Great Britain, a second Chamberlain, or a grave common danger.

We have quoted the writer's views on this point at length, as these appear to represent the reasoned conclusions of his studies and experiences. The greater part of the book, however, consists of facts rather than opinions, and both should make the work an interesting one to students, though the arrangement leaves something to be desired, and the lengthy quotations from speeches in the early part of the book are apt to become tedious.

H. REINHERZ

The Enforcement of the Statutes of Labourers During the First Decade After the Black Death. By Bertha H. Putnam, Ph.D. Studies in History, Economics and Public Law, Vol. XXXII. (Columbia University Press. Pp. 224; Appendix, &c., pp. 480.)

In this monograph Miss Putnam has expanded an article on the *Justices of Labourers* (*English Historical Review*, 1906) into an exhaustive study on the actual administration of the

Ordinance and Statute of Labourers immediately after the Black Death. Dissatisfied with the generalisations and conclusions of high authorities holding opposite views as to the "legitimacy and effectiveness" of this legislation, Miss Putnam set herself the task of discovering from the sources what actually happened in the various courts. Careful examination of many official records has enabled her to ascertain the course of administration in various districts, to supply additional reasons for the unwearied efforts of local and central authorities to secure enforcement of the labour laws, and finally leads her to conclude that the laws were on the whole equitable and were thoroughly enforced during the period under consideration. In describing the machinery devised by the Government to meet the new situation created by the new claim to legislate on economic matters on a scale hitherto unknown, Miss Putnam has shown thoroughness as an investigator, and a welcome clearness and power of compression in dealing with many details. In an appendix more than twice the size of the monograph, extracts from her authorities furnish guidance to future workers. On the position and duties of the justices of labourers—those specially commissioned officials who figure so conspicuously in the various experiments made between 1349 and 1359—Miss Putnam has much to say which entitles her book to rank as a substantial contribution to the literature on the early labour laws. We see the justices of labourers, acting now under a joint commission with the justices of the peace, or again for a greater part of the period under separate commissions. They were charged with the special function of enforcing labour legislation, and were paid for their work from the penalties levied, being entitled to extra pay beyond the ordinary salary if successful in procuring a large number of convictions, and without any compensation for their labour, if they failed in this respect. Such a practice was surely well calculated to secure zealous enforcement as far as officials could secure it. The landowners, too, apart from the desire to secure cheaper labour, are shown to have been anxious to secure convictions, since the penalties, drawn chiefly from labourers' excess wages, went during several years, sometimes in part and sometimes altogether, towards payment of the war subsidy due from the county, and thus saved the ordinary taxpayer's pocket. It seems to have been possible in rare cases to raise, in the form of penalties, as much as one-half or one-third of the total tax due, and very commonly a considerable contribution was thus

levied. The labourers, as pointed out, must have been fairly well off to pay the fines, and the taxpayer must have realised the advantage of securing convictions. The eagerness of all concerned to establish a right to the penalties indicates the importance of the statutes in the eyes of the community, and affords Miss Putnam "conclusive evidence that they were not dead letters." While admitting that earnest endeavours were made by the courts to secure the fiscal dues, we cannot feel certain that the main objects of legislation was attained. The system undoubtedly, as Miss Putnam proves, to levy of penalties during certain years, but does it follow that the real purpose of legislators was gained? Were wages driven down to the statutory level? The action of the justices of labourers wherever it was continuous may well have checked an excessive rise in local wages, but did it entirely prevent a rise? Miss Putnam's own conclusion is that "wages were not kept at the statutory level, but were kept lower than would have resulted from a *régime* of free competition" (p. 226). Now this admission seems to contradict her general contention that the statutes were thoroughly enforced for at least ten years. Thorough enforcement implies not only activity on the part of administrators, but also observance of the law. The constant breaches of that law would seem to show that the penalties were not really deterrent, and that labourers continued to defeat the real aim of the legislature. Towards the problem of the ultimate effect of the labour statutes upon villeinage Miss Putnam has little to add, owing probably to the limited period under consideration. There are many questions which she will help us to answer if she sees her way to a further contribution covering the long period between Edward III.'s experiments and Elizabeth's elaborate codification of labour laws. Many questions suggest themselves. One or two might, we think, have received some consideration in this volume. Why, for instance, were the justices of labourers superseded if their work was so thoroughly effective? Why did they give place so soon to unpaid justices of the peace? How do they compare with later administrators? Possibly a study of further documents may throw light upon these and other points connected with the administration of the law, and account for changes of considerable importance. Without some knowledge of the course of administration it is necessarily impossible to form an adequate view of the operation of the new legislation. This aspect has hitherto been almost entirely neglected, and while we cannot agree with the author's conclusions upon all points, we are none

the less grateful to her for the addition to our knowledge which we owe to her laborious investigations.

ELLEN A. MCARTHUR

L'expansion des Banques Allemandes à l'Étranger. Par Georges Diouritch, Docteur en droit. (Paris : Arthur Rousseau ; Berlin : Puttkamer & Muhlbrecht.)

IN a very interesting way, Mr. Georges Diouritch has given in his work *L'expansion des Banques Allemandes à l'Étranger*, many particulars concerning the working of the German banks and the creation of German banking institutions in foreign parts, especially in countries beyond the sea. He shows that the banks established abroad do not limit themselves exclusively to current banking and arbitrage business on a large scale, but contribute also to the expansion of German trade abroad by taking over the loans of the countries where they are established, and by financing the different railway, shipping, and other concerns. By their energetic efforts in this direction they have been very useful to the development of German commerce and industry abroad, which has been so remarkable since Germany carried through her monetary reform, replaced the *gulden*, *banconmark*, *thaler*, and *louis d'or thaler* by the Reichsmark, and created in 1875 the Imperial Bank of Germany.

But if Germany, following the example of Great Britain, has established German banking institutions in all parts of the globe to make the German Reichsmark and German bills of exchange familiar everywhere, and to secure to the German banks the commission, interest, and the profit arising hitherto paid to English banks, it cannot be said that the first object has entirely been attained, or that up till now Germany has been able to compete successfully with the English currency absolutely based on gold. For this the German banks, by declining to export the national gold when the rate of exchange reaches the gold point, are to be blamed themselves. In recent years it has happened several times that the price of cheques on London in Berlin and Hamburg exceeded the point at which it would have been cheaper to export gold to England than to make remittances in cheques or bills. At that moment the German currency was therefore what the Germans call *entwerthet*. The best proof that up till now Berlin has not succeeded in supplanting London as the Clearing House of all international liabilities is that the German banks

established in countries beyond the sea have constantly to draw on the London branches of the principal Berlin banks, instead of being able to replace the pound sterling by the German Reichsmark by drawing directly on Berlin, Hamburg, &c. Up till now transactions in bills and cheques on London exceed everywhere considerably those on Germany.

C. ROZENRAAD

Questions on Banking Practice. (Issued by the Institute of Bankers.)

THE encouraging reception which met the first edition of the book *Questions on Banking Practice* at the hands of its members has induced the Council of the Institute of Bankers to issue new editions from time to time.

In the sixth edition, just published, answers are given to many interesting questions concerning the form, acceptance, presentation for payment, crossing of cheques, &c., the noting and protest of unpaid cheques and bills, and many other matters connected with banking business. The book is an extremely useful one, and ought to be consulted not only by every member of the banking world, but by the whole commercial community.

C. ROZENRAAD

L'evoluzione delle Banche d'Emissione. By Marco Fanno. (Genoa: Fratelli Carlini. Pp. 110.)

IN a series of articles in the *Rivista Libere di Scienze, Lettere ed Arti*, Mr. Marco Fanno has studied the evolution of the different issue banks, which he now publishes in a book under the above title.

The author has divided his work as follows:—

1. The economical evolution and the institutions of credit.
2. The first period of the issue banks; the monopoly of banking.
3. The second period of the issue banks; plurality and liberty of the banks.
4. The third period of the issue banks; the return to restrictive measures and to the monopoly of banking.
5. The evolution of the issue banks in the United States and their historical significance.

Although the author has given many interesting particulars concerning the principal European issue banks, it cannot be said this his work is entirely up to date. For this, however, the author

is not to be blamed, as many modifications in the banking charter of the Imperial Bank of Germany and other issue banks have taken place since his book was published.

Where the author is at his best is when he points out the advantages of one central bank of issue, and when he devotes considerable attention to the banking system in the United States, where so many mistakes have been made in matters of currency of the country, and so many schemes have been brought forward to give more elasticity to that currency. It might have been reasonably expected that an intelligent nation like the Americans, who wish to play, and play already, such an important part in the commerce of the world, would remove at once all obstacles to the development of their trade and industry by putting their banking and currency system on a sound basis, by giving more elasticity to their fiduciary circulation, and allowing no further interference by the Treasury in currency matters. A Government may issue loans: it may undertake the coinage, but it must never attempt to interfere in currency matters. Such a task it ought to delegate to an independent strong central bank of issue, and, according to recent communications from New York, it seems not improbable that before long such a central bank of issue will be created with a capital of \$100,000,000. And, should it be found that the formation of such an institution is impossible or difficult, owing to the jealousies existing between the different States of the union, then, in that case, the national banks should be reorganised by granting to them that elasticity in their note issue which is in harmony with the requirements of trade and industry.

C. ROZENRAAD

Les Cheques et Virements Postaux. By Louis Bruneau, Docteur en droit, Docteur ès Sciences politiques et économiques. (Paris: La Librairie Générale de droit et de jurisprudence. Pp. 179.)

IN no country is the employment of banknotes so small as in England, where the Bank of England's note serves, so to say, only as a substitute for gold in bankers' till money, or under circumstances in which a cheque might not be taken. In England the cheque has practically replaced the banknote as a currency medium. According to Williams Howarth, the circulation of one of the principal London banks was already, in 1884, composed of 87·30 per cent. in cheques, of 6·89 per cent. in banknotes, and 5·81 per cent. in specie. Since then, the proportion has risen considerably in favour of cheques, and it can safely be

said that now the payment of the English banks consists of 97 per cent. in cheques, and of 3 per cent. in notes and specie. In the United States the proportion is 95 to 5 per cent.

Under those circumstances, it cannot be a matter of surprise that in other countries, where cheques are not so much used as in England and in America, and where no Clearing House exists, several leading Chambers of Commerce have advocated following the example of the two leading commercial nations of the world. Already, Germany, Austria, Hungary, Russia, Italy, Spain, and Japan have their own Clearing House or *Chambre de Compensation*, where, by means of cheques, and not by means of banknotes or specie, important business transactions are liquidated.

Since July, 1908, Belgium has also its own Clearing House, since the advantages of such an institution were clearly demonstrated by the Anglo-Belgian Chamber of Commerce and Federation of Foreign Chambers of Commerce in the United Kingdom, and Holland also will soon have its Clearing Houses.

France alone seems, amongst the principal commercial nations, the only one where the advantages of the cheque system and of a Clearing House are not fully recognised. The law of 1865, which intended to facilitate the use of cheques, has not given the result which was hoped for. Both the leading banks and the commercial community have failed to second the efforts which were made in this direction by leading economists, and especially by the French Chamber of Commerce in London, to increase the use of cheques, and the turn-over of the only *Chambre de Compensation* which exists in France seems ridiculous compared with the results obtained by the Clearing House in London and New York.

Monsieur Louis Bruneau has, therefore, done good work in explaining in his book, *Les Cheques et Virements Postaux*, all the advantages and the economy of capital which will be obtained if France uses cheques on a larger scale than is now the case, and adopts also the postal cheque (as is done by Austria-Hungary, Switzerland, &c.), for which a Bill was introduced on June 12th, 1906. Monsieur Bruneau's book is full of interesting particulars concerning the results obtained in different countries by the use of cheques and postal cheques, and his arguments in favour of the cheque and postal cheque system deserve the attention of all who know how necessary it is for every country, and especially for France, with its ever-increasing amount of banknotes issued by the Banque de France, to economise capital, and to facilitate the payment of business transactions as much as possible.

C. ROZENRAAD

A History of Modern Banks of Issue, with an Account of the Economic Crises of the Nineteenth Century and the Crisis of 1907. By Charles A. Conant. (Fourth Edition. Revised and enlarged. Pp. xi+751. New York and London: G. P. Putnam's Sons. 1909.)

THE fact that this elaborate history of *Banks of Issue* has reached a fourth edition is testimony sufficient to its usefulness. Since the first publication in 1896 much has happened in the monetary world, and the work has been brought up to date, especially as regards the extended adoption of the gold standard either in a complete or modified form. Owing to the importance of these changes and the increased space given to the banking systems of Mexico and the East, the author has eliminated the chapters on "Banking Theory" and on "The Causes of Crises," which have been embodied in a separate work on the *Principles of Money and Banking*. The present edition is more purely historical, but in a subject of this kind it is impossible to write history, especially recent history, without reference explicit or implied, to fundamental theories. Throughout, indeed, Mr. Conant gives his own opinions on various forms of banking policy and legislation. The English reader will naturally turn first to the history of the banks in the United Kingdom and India. With regard to the former it cannot be said that the author comes up to the high standard set by such writers as Bagehot and Jevons, either in the grip of principles or the graphic presentation of facts. There is too much of the chronicler and too little of the economist in the general narrative, and yet the author gives very decided opinions on questions which have called forth volumes of controversy; and in some cases his opinions show an imperfect acquaintance with the leading points in dispute. The truth is that Mr. Conant sees his own conclusions too clearly to pay much attention to the conclusions of others. In confirmation of this criticism, reference may be made to the Bank Charter Act of 1844. Says our author: "The banking department might be completely wrecked by the exhaustion of its note reserve without the power it formerly possessed to draw upon the whole resources of the bank for help." It is difficult to reconcile this opinion with the statement on the next page that, theoretically, the convertibility of the note was not perfectly assured. "It is doubtful, indeed, if convertibility could have been maintained, if there had never been, either in 1847, 1857, or 1866, any suspension of the Bank Act." Most English readers will prefer the opinion of

Bagehot, that the convertibility of the note was never in question in the worst of crises. Again, the following dictum seems contrary to the main idea of the development of deposit banking in England. "If the limitations of the Act of 1844 have been of any value to the English people, it has probably been in driving them to the adoption of substitutes for circulating notes and to the extension of deposit banking." Such a description of a forced cheque circulation is more applicable to the crisis of 1907 in the United States than to the natural and gradual growth of bankers' credit in England in the last half of the nineteenth century. The account of Scottish banking is open to the same objections. It begins: "The Scotch system of banks of issue comes nearer to the ideal of successful free banking than that of any other country." If this sentence refers to the banks of the eighteenth century it runs counter to one of the most emphatic judgments of Adam Smith. "It were better, perhaps," he said, "that no bank-notes were issued in any part of the Kingdom for a smaller sum than £5." And the reason was because the freedom of issues had brought about serious abuses. This is followed by the famous passage in which he says that, to restrain private people from receiving, and bankers from issuing, such notes, may seem a violation of natural liberty, and "such regulations may no doubt be considered as in some respect a violation of natural liberty. But those exertions of the natural liberty of a few individuals, which might endanger the security of the whole society, are, and ought to be, restrained by the laws of all governments." The history of Scottish banking is an illustration of the dangers of freedom of issues and not of the successful carrying out of the ideal. If the sentence quoted refers to present practice, it is of course quite opposed to the facts; the issues by the Act of 1845 being, except in one or two minor particulars, as limited as those of the English banks by the Act of 1844. With reference to recent history, the author seems to think the Scottish banks, when they abandoned the practice of giving interest on current accounts, also reduced the rate on deposits to 1 or 1½ per cent. And he says the low rates have destroyed much of the motive for depositing idle capital in the banks. He notices, indeed, that "the crisis of 1907 enabled the banks to increase their rate of interest on deposits temporarily to 4 per cent"; but he does not seem to be aware that the rate practically rises and falls with the Bank of England rate, and at present (November, 1909), with the Bank rate at 5 per cent., the rate on Scottish deposits is 3½. The £1 note was no doubt of immense

service to the development of Scotland, as was admirably shown by Sir Walter Scott (under the name of "Malachi Malagrowther"), and so also was the system of cash credits; but under present conditions in Scotland both these forms of credit are relatively of less importance.

With regard to "Banking in the Orient," Mr. Conant's views are well known, and have been recently very clearly explained in a number of this JOURNAL (June, 1909). To the present reviewer it seems that Mr. Conant is too easily satisfied with the tests of success of his favourite standard—at any rate, so far as India is concerned. We used to learn that the three fundamental requisites of a good system of money were that it provided a good measure of values, a good medium of exchange, and a good standard for deferred payments. The advantage of a stable rate of exchange with the moneys of other countries was left out, or left over to the discussion of foreign exchanges. If we apply to India these old-fashioned tests, we find that the adoption of the gold exchange standard introduced, in the form of the artificial rupee, a measure of value which is utterly different from the measure to which the people of India have always been accustomed—namely, a certain weight of silver. From the point of view of a good medium of exchange, we find that from 1893 to 1900 there was a continued (if fluctuating) stringency, causing the Bank rate in Calcutta to rise on one occasion to 12 per cent., and generally crippling trade; and since 1900 the circulating medium has been increased in response to the "demands of trade" in such a way that it has become redundant. Finally, in consequence of this redundancy, prices in India have attained a very high level—or, in other words, the gold exchange rupee has failed as a standard for deferred payments. Its failure in this respect is conspicuous in relation to the savings of the Indian people in the form of silver ornaments. The curious thing is that, when the mints were first closed, and the coinage of rupees was effectually stopped, the exchange for two or three years was not maintained: and yet it has been maintained during recent years in spite of a flood of rupees, and last year, in spite of an adverse balance of trade. To the Government of India the stability of the gold exchange of the rupee is important from the point of view of remittances to England, but from other points of view—*e.g.*, the general rise in prices, &c.—even to the Government the new standard is the reverse of satisfactory. To the masses of the people of India the stability of the foreign exchanges is practically

of no importance compared with the fulfilment of the other monetary functions noted.

In the present volume, however, Mr. Conant is dealing mainly with the facts of history, and not with deductions or explanations. And in this respect the book gives a very useful *résumé* in brief compass of the development of the gold exchange standard in different countries.

In the same way the account of recent crises, and especially that of 1907, is valuable as a most convenient source of reference. In general, with such recent history, we have to search the columns of the daily Press or the articles in financial journals. To the student it is of the greatest importance to have in a single volume a conspectus of the whole range of the history of modern banks of issue from the beginnings in Holland and Italy to the latest developments in the United States and India. If every controversial point had been dealt with, the history would have become an unmanageable encyclopedia; and Mr. Conant's selection for emphasis of the opinions of which he approves has allowed of a beneficial condensation. The notes and bibliography indicate the sources to which the student may apply for the opinions of other men and minds, and for "the correction of the exchanges" in the world of banking ideas.

J. S. NICHOLSON

The English Factories in India, 1622-1629. By William Foster.
(Oxford: The Clarendon Press.) 2 vols.

CALENDARS of original documents do not lend themselves to satisfactory treatment for review. It is impossible to summarise adequately their contents in a short notice, as can be seen from the fact that the editor's introductions to these two volumes run respectively to forty and forty-eight closely-printed pages; and anyone who wishes to learn what broadly can be gathered from the 600 odd pages to which they are a preface would spend his time more profitably in studying what Mr. Foster has to say than in reading a second-hand and compressed reproduction. And such a reader will have the additional advantage of being able at every point to turn at once to the letters or papers which furnish the subject-matter of the editor's comments. The value of this collection is very much enhanced by the completeness of the material that it covers, and the careful and scholarly work of the editor. Ninety-five per cent. of the documents are reproduced from the archives at the India Office, supplemented by gleanings from the British Museum and the Public Record Office,

and we may take it that we now have in print, calendared at generous length, all the manuscript sources for the history of the East India Company during the years from 1622 to 1629 that the India Office can discover. The abundance of documents is striking, and the mass of detail still more striking, but the editor in his preface and by two exhaustive indexes has done more than his share in providing apparatus for their use. Three points stand out conspicuously—the tenacity with which, in spite of constant fluctuations of fortunes, the representatives of the English traders—the factors—pursued their business; the active opposition, particularly of the Portuguese, to the efforts of the English interlopers; and, thirdly (in the background), the drama of native Indian history centring round the Mogul Empire, which by 1628 has passed “once more into the grip of a strong man,” Shah Jehan. The curve of English progress wobbles a good deal in these eight years, but at the end of the period it will be seen to have risen in a marked degree, and the variations can be followed month by month in the factors’ letters. Despite Sir William Hunter’s splendid effort, the final history of the East India Company has still to be written, and the material that is now being printed and examined will not only be the English historian’s raw material in a digestible and accessible form; it will also provide the historian of the Mogul Empire with many valuable sidelights which correct the perspective of the native chroniclers.

C. GRANT ROBERTSON

NOTES AND MEMORANDA

SOME ASPECTS OF AN INDUSTRIAL COMBINE.

SOME sensation has been caused among persons associated with the iron and steel trades by the failure, during July, of the price control policy of the association of manufacturers of galvanised sheets. The ultimate collapse of such movements is common, and so are the root causes of failure, but the effort of the galvanisers has been attended by some circumstances which give it an interest and elevate it above the general run of combines and pools. In the conditions which produced it, and in organisation, the association did not differ much from the ordinary type of "horizontal" combine; it arose, as usual, from excessive competition. There seems to be, however, one important point of difference in this respect—the competition was felt the more keenly because of the considerable migration of the industry that has been taking place for several years. Sheet galvanising is an industry very largely dependent upon foreign demand, and it is not surprising that as iron and steel manufacture developed internationally, the disadvantage of inland production began to be seriously felt by British manufacturers. Rail carriage became a sufficiently onerous item to make the difference between success and failure. A single journey to the coast was bad enough, but ultimately the disadvantage became increased in a singularly interesting manner. Galvanised sheets were originally made of puddled and wrought iron; they came to be made from a special kind of steel bar, large quantities of which were imported, irregularly at first, but with increasing regularity in recent years. Thus, if the industry had remained in South Staffordshire there would have been on a considerable portion of its product the cost of two land journeys—on raw material from the coast, and on finished sheets to the coast. Some of the largest producers gradually transferred their works to waterside; others remained behind in South Staffs, and the latter found it a struggle to exist when competitors possessed such an enormous initial advantage. Starvation prices with them were remunerative to their competitors. One of the first tasks that fell to the association was the

levelling down of these inequalities. Exactly how it was done is not generally known outside the ranks of membership.

In organisation the association was of the "pool" type. Productive capacities were assessed, allotments of quantities smaller than capacities were made, and as the actual outturn was more or less than that allotted there were contributions to or withdrawals from the "pool." There were, of course, other financial arrangements for the purpose of meeting organising expenses and of providing for the development of the association's policy. At the outset prices seem to have been regulated very cautiously or "conservatively," for there were times when contracts were secured at a "premium" on the declared basis price. This was in the time of considerable activity in the iron trade, when all prices were on the up grade, and the premium was not merely a proof of moderation, but also that at that particular time regulation was superfluous. Prices of the basis make were carried from about £10 per ton f.o.b. Liverpool to £13 17s. 6d.—the high level being reached in 1907. In comparatively few weeks there were falls to £12 10s.—in January, 1908—and until July 13th last the latter price remained unaltered and unalterable, as far as outsiders could judge.

An eighteen months' spell of unchanged prices is not without precedent. It has been exceeded in connection with that peculiarly South Staffordshire product, marked bars. This one derived its remarkable character, not from length of time alone, but also from the fact that though other kinds of iron and steel had already moved downwards in January, 1908, they had not then reached their lowest depth. Galvanised sheets, however, having found this level, settled down at it, and buyers knew the futility of attempting to force them lower. It is the endeavour to find the explanation of this stability which gives interest to the association, and the failure of its policy. Something must be attributed, of course, to the mere fact that there was an association with regulations providing what were believed to be, and what apparently were, sufficient guarantees of loyalty. Also during the time of prosperity measures of another kind had been taken to strengthen the association's control of the industry. Just before the association was formed the iron and steel trade had passed through a severe time of depression, and interesting evidence of the keenness of the competition, to which reference has been made, is furnished by the fact that of the failures that then occurred the majority were those of sheet makers. As a rule, these were what in the United States would be called merchant black-sheet mills.

The industry still retained much of its original organisation. The production of the plain black sheet was frequently the business of manufacturers, who, having carried the process thus far, sold their product to others, who galvanised and corrugated it. There were several of the black-sheet mills standing idle. They were purchased and dismantled, and so were reduced the opportunities of establishing new galvanising businesses. To have to commence manufacturing at the first process of rolling down sheet bars into sheets and then to go on to galvanising and corrugating is a more serious undertaking, requiring larger plant, capital, and technical skill than to acquire black sheets and finish them. It was always emphatically denied that the association had any official connection with this policy, and the denial must be accepted. But at the same time it is impossible to close the eyes to the fact that the negotiations were conducted and completed by individual members of the association. Though acting in their own personal capacity, it is not to be credited that they had no regard for the strengthening of the association, or that this was not the indirect object of all that was done. Looking back over the eighteen months which passed with an unaltered basis of £12 10s., there cannot be much possibility of doubting that had the dismantled mills been available the temptation of such a price would sooner have raised up new competitors anxious to supply ever the reduced demand that remained.

Exceeding these facts in interest is another which had its share in maintaining stability. Possibly many will remember the newspaper outcry that arose about December, 1907, because, so it was reported, an emissary of the American Steel Trust had descended upon South Wales with an ultimatum that so many thousand tons of steel must be purchased from the Trust by galvanisers and tinplate makers, or, in default, the Trust would proceed to smash them by ruthless competition in their most favourable export markets. There was some exaggeration about the accounts—as unfortunately there must always be in view of the indignation and desire of frustration which always moves those who “tell” to the newspapers—but when all the big pistols, ultimatums, and smashings were swept out of the way there remained the root fact that a representative of the Trust had indeed come to this country, and that his mission was to propose a bargain by means of which his huge concern would find an outlet for raw steel, and the galvanisers (if not also the tinplate makers) would be left in undisturbed enjoyment of such demand as the after effects of the United States crisis had left existing in

the markets where British manufacturers had retained pre-eminence. What were the precise terms of the bargain, or whether it was good or bad, are not matters upon which full or accurate information is obtainable. There was a bargain, and it was one of the reasons why £12 10s. remained undisturbed for eighteen months. The interval was so long as to suggest that that price was the one on which were based all the financial calculations connected with the bargain, and that as long as the agreement remained (which apparently meant until trade revival in the United States caused the absorption of the home product to such an extent that the maintenance of supplies to Great Britain was inconvenient), so long would the price remain. The price was upheld by the bargain; and the same cause seemed to prevent it from rising, for, presumably, an increase of selling prices would have provoked the Steel Trust to put forward a demand for a corresponding increase in steel prices.

Other explanations of the stability which have been advanced are that the price paid for steel was substantially above market level, which was undoubtedly the case at the outset, whatever may have happened subsequently; and that the expenses of the association amounted to a considerable sum on every ton of galvanised sheets produced. Both these assertions are understood not to be very wide of the mark. And as they partly furnish the explanation of why the price did not vary, so also they help to supply the reason why in the end the price-control policy had to be abandoned. To the manufacturer untrammelled by the association responsibilities, and able to purchase supplies in an open market subject to free competition, £12 10s. as a selling price for the finished product left a larger margin of profit than it did to the inside member. This circumstance undoubtedly resulted in an increase of outside competition (for the association was never completely inclusive of the whole of the manufacturing plants), and in preparations for still further increases. Whether the competitors really became sufficiently numerous and strong to seize a seriously large portion of the trade, or whether the association, seeing the drift, resolved to scotch it, are points on which statements vary. Probably both reasons had force, and the abandonment of price control was not only what may be styled a disciplinary, but also a minatory action. Then, again, it became a subject of doubt as to whether the bargain with the Trust was sufficient to control American competition in sheets. Large as is that combination, it is now far from inclusive of the whole of the United States industry. One necessarily writes with

some reserve about these details, because secrecy is one of the "golden rules" of combinations.

To the bargain with the Trust has to be traced yet another of the interesting facts of the past eighteen months. It does not require a long memory to recall the loud and long-continued talk of steel "dumping" which prevailed during the last period of depression—that following the 1900-1 boom in the industry. There were no agreements or understandings at that time, buyers of steel were more numerous, because of the existence of a greater number of black-sheet mills, and week by week the agents of American and German producers (especially the latter) went through and through the Exchanges in search of buyers. They were not always particular about maintaining a price unless the counter offer was too preposterous to be entertained, but normally their quotations were at a level at which British manufacturers knew from their own experience the costs of production and transport were inadequately covered. Little wonder that the cry "dumping" scarcely ceased. In the past eighteen months there has been a complete contrast. Agents of foreign firms have not frequently been seen on 'Change in any part of the country, and the word has scarcely been heard. It was bandied about soon after the 1907 collapse occurred, when, steel prices being high, some British buyers were rather glad to have the opportunity of making full use of it (more, in fact, than its extent really warranted) as a means of depressing the market. But this condition did not last. The American crisis occurred, it will be remembered, in August, 1907; the bargain with the Steel Trust was arranged in the following December; and at once "dumping" passed out of the range of current market gossip. It ceased for two, possibly three, reasons. They who might have "dumped" found "dumping" impossible, because the American agreement covered so large a portion of the demand that there was little left worth "dumping" for; because the price on which the agreement was based was certainly not long a "dumping" price, even if it was at the outset; and because, so the story went, the arrangement was really turned into a three-cornered one through the Steel Trust finding the means of appeasing the Stahlwerks Verband.

It is too early yet to judge whether the association has suffered a complete and permanent collapse, or whether the squeezing process will be successful in forcing the outside firms to surrender their freedom, the retention of which has always been in the forefront of the arguments with which they have resisted all attempts to include them. But they who watch such movements

will be interested in this further piece of evidence as to the inability of combines to live through periods of severe and long-continued depression.

A. DUDLEY EVANS

THE SWEDISH GENERAL STRIKE.

DURING the last few months Sweden has given to the world an object-lesson in industrial warfare. The nature, the scope, the powers, the limitations of a general strike have hitherto been very largely matters of theory and of inference; now experiment has been made and practical conclusions are rendered possible. In no other country at the present time could the experiment have been so complete and the results so definite, for in no other country are the opposing forces of Labour and Capital so fully organised or the field of their operation so well under observation.

The Swedish General Strike was in progress for a whole month. Of the 500,000 workers engaged in manufacture and transport, nearly 300,000 obeyed the order to stop work. Industry was for the most part at a standstill. Both parties were opposed to arbitration; both were confident of ultimate victory and were unwilling to accept anything of the nature of a compromise. In the end the Labour leaders proved unable to continue the struggle; they surrendered practically without conditions, and the attempt to secure their objects by a general strike had failed.

A brief survey of the events which led up to the strike may help to make the situation clear. In its origin the conflict was an industrial and economic one. It began with a number of small disputes, mostly in the cellulose and clothing trades. Some of the existing contracts needed renewing, and the men took advantage of this to demand better wage conditions. When the masters insisted on the maintenance of the *status quo*, strikes followed in many places. The Public Arbitrators tried to adjust matters, but no agreement could be arrived at, and the strikes continued. The Swedish Employers' Association (Svenska Arbetsgifvarföreningen) then declared a lock-out in the trades affected, and threatened, if circumstances rendered it advisable, to make the lock-out general in all the undertakings represented in their association. Had they taken this step, it would have involved some 1,400 employers and about 160,000 men. On July 26th the lock-out was extended to the wood-sawing and textile industries, and on August 2nd those engaged in ironworks

and iron mines were similarly treated, thus bringing the total number of men locked out to about 80,000. In the meantime the Labour leaders were not idle. On July 27th the National Labour Organisation (Landsorganisationen)—a federation of Trade Unions for collective action, controlling about two-thirds of the organised Labour of Sweden—resolved that extreme measures should be taken, and a proclamation was issued to the effect that a General Strike would begin on August 4th. Thus occur in succession : strikes in certain local Unions, a partial lock-out, a General Strike. It is a question of move and counter-move. As a result, two powerful organisations—or rather sets of organisations—are arrayed against one another, and nothing remains but a trial of strength.

As has already been pointed out, the conflict originated in industrial disputes, but it was not long before it assumed a political character. The movement was in fact two-sided. On the industrial side the issue is clear. The men regarded the employers' power of lock-out as likely to render ineffectual any attempt on their part to raise wages or to improve the conditions of labour. In their opinion, therefore, a general strike was not only likely to secure certain immediate advantages, but was also calculated to safeguard Trade Union efficiency in the future. On the political side there is more obscurity. From this point of view the strike was a fight for Socialism. The National Labour Organisation is socialistic both in its foundation and in its aims, and it no doubt expected to gain political advantage from the struggle ; but the precise nature of that advantage and the lengths to which the leaders were prepared to go do not seem at all clearly defined. The depressed state of trade made the time chosen most unsuitable for a strike, but the men as a whole could not appreciate this aspect of the case, and there is very little doubt that they precipitated a conflict which their leaders would willingly have postponed. A reason for this impetuous action is not difficult to find. The men had been sedulously taught that political control was theirs by right, that the remedy for all existing social evils was in their own hands, that they had only to show their strength and the walls of the Capitalist Jericho would fall. They were convinced that a struggle was at hand—a struggle which could only have one ending—and they waited expectantly for it. The threatened lock-out was to them the signal ; the General Strike was their ready response.

No sooner had the General Strike begun than the true character of the contest stood clearly revealed. It was at once

evident that it was not to be an industrial war between employers and employed, but a social one—the members of the Trade Unions federated in the National Labour Organisation against the whole community. Instead of confining their attack to the field of industry, the strikers assumed a hostile attitude towards society at large; instead of demonstrating the justice of their cause and appealing to the public conscience to judge between them and those for whom they worked, they attempted by threatening the very means of existence to coerce society into giving a verdict in their favour. A few examples of the strike methods will bear out this view of the case. In the first place all labour was withdrawn from industry and transport, from street traffic, from lighting, and all other public services. Thus, by an order from the “Folkets Hus,” the people of Stockholm were to be deprived of trams, cabs, and steamers, of gas and electric light, of wood and coal, and even of the necessities of life. No vehicles were to be allowed in the streets unless a special permit or “free card” were first obtained from the Strike Committee. There was no one even to bury the dead or to convey the sick to the hospital. A second example is the attempt made to silence the Press. The printers, whose Union is not affiliated to the National Organisation, were persuaded to break their contracts and to leave their work, and, if it had not been for the members of the various editorial staffs, who themselves did the work, there would have been no newspapers obtainable except the strike organ, *Svaret*. The astonishment of two pickets outside the *Stockholms Dagblad* office, when, at 6 a.m. on the morning after the printers left work, the editor presented them each with a copy of the paper, may be more easily imagined than described. A third example is the unsuccessful attempt to draw the railway men into the strike. Most of the railway workers are Government servants whose wages and pensions are dependent on length of service. The Government lost no time in making it clear to the men that if they left work they would forfeit their pensions, and that if they were taken on again they would have to begin afresh at the bottom of the ladder. The railway servants wisely refused to strike, and thus communication between the different parts of the country and with abroad was uninterrupted.

The anti-social policy of the strikers was condemned on all sides, and steps were at once taken by society itself to counteract its disastrous effects. There is, perhaps, in the whole history of the strike no event so momentous as the formation of the Public Security Brigade—the “Frivilliga Skyddskåren.” The

necessity of defending banks and other institutions open to attack, of maintaining a sufficient food supply, and of continuing the various services which the conditions of modern life in a large city have rendered almost indispensable, led to the organisation in Stockholm of a body of voluntary helpers prepared to undertake any work which should be assigned to them. So efficient was this organisation that a week after the strike began the streets presented very much their usual appearance, and the general public suffered but little inconvenience from the social upheaval. It was something of an anomaly to see noblemen and officers of the highest rank driving cabs, merchants and stock-brokers doing arduous work, civil engineers working in the stoke-hole of a steamer or attending to the gas, water, and electric lighting machinery, civil servants and undergraduates acting as tram conductors or unloading the ships bringing food, coal, and provisions to the capital. Yet all these services were efficiently and unobtrusively rendered, and it was clearly demonstrated that when threatened the upper and middle classes could rise to the occasion and do all that was necessary to keep the social machine at work and in perfect order. An attack had been made on the community, but the community had proved quite capable of defending itself. The weapon the strikers had most relied on not only failed to do harm, but was turned against themselves. The Public Security Brigade broke the General Strike.

Another serious blow to the cause of the strikers was the defection of the non-Socialist workers. These are organised in what is known as the Swedish Workers' Association (Svenska Arbetareförbundet), with headquarters in Stockholm, and local branches all over the country. The Association is on a non-political basis, and its constitution and rules have been drawn up on English Trade Union lines. Some of its members were connected with the disputes which gave rise to the recent struggle, and they were consequently affected by the lock-out. When the General Strike was declared, the Association stood solid with the National Labour Organisation, and ordered all its members to cease work. So far there was unity of action. The dispute was an industrial one, and the interests of all workers were involved. But the methods of the Strike Committee soon proved incompatible with the principles of a non-political organisation. The Council of the Workers' Association was alarmed at the attack on the community; at the open disregard of contracts collectively entered into; at the attempt to silence the Press; at the efforts made to draw the railway men into the struggle; at the suicidal policy

of planning a strike of the agricultural labourers just at harvest time. The contest had ceased to be an industrial one; further participation in it, therefore, was deemed neither wise nor right.

On September 3rd the General Strike came to an end. That the National Labour Association had to surrender surprised no one, except perhaps the rank and file who had been led to regard victory as a foregone conclusion. Many reasons might be suggested for this defeat; a few only can be given here. Public opinion was unfavourable from the start, and, as the strike policy developed, it became more and more hostile. The excellent work done by the Public Security Brigade made the attack on society a complete failure. The strike itself was never really general: the number of agricultural labourers leaving work was insignificant, while the men engaged in railway, post, and telegraph work did not join at all. Desertions were numerous; there were daily instances of factories being re-opened and men voluntarily returning to work. Lastly, the financial strain proved too great: contributions from abroad did not come up to expectations, and the war chest was being rapidly emptied.

The conclusion of the General Strike did not bring with it a general return to work. The strike merely lost its general character, and the dispute with the Swedish Employers' Association remained unsettled. The movement now ceases to be political, and resumes its original industrial aspect. Intervention on the part of the Government, refused while the General Strike was in progress, becomes a possibility, and steps are at once taken to settle the questions at issue by arbitration. In accepting the invitation of the official arbitrators, the employers made it clear that there were certain points on which they could not give way. These were, in brief, that in new contracts there should not only be provision for the raising of wages, but also for regulating them according to prevailing circumstances; that contracts entered into should be observed; that agreements approved by the central organisation on behalf of the workers should be approved by the Unions involved; that the employers should retain their right to direct and distribute the work. The arbitration, however, achieved nothing, and a settlement of the dispute has been indefinitely postponed. The Labour leaders have declared their intention of continuing the struggle, and have appealed to Labour organisations abroad for further financial support. Meanwhile the men involved are voluntarily returning to work, and, as a matter of fact, the strike does not probably

affect more than 30,000 men,¹ of whom many, perhaps, would be unable to find work even if they were willing to do it.

There may be two opinions as to the necessity for the General Strike and as to the lines on which it was conducted, but there will probably be complete agreement as to the way the men passed through what must have been a very severe ordeal. Every precaution had been taken against possible disturbance. The police and the military were prepared for all emergencies, but happily it was never necessary to employ force. The behaviour of the strikers was admirable. Picketing there was, but it was peaceful in the strictest sense of the word. The attitude throughout was one of quiet and confident expectation, and even when savings were exhausted and hunger had in many instances become a daily experience, there was little open murmuring and no violence. For this three things were mainly responsible: the respect for law, which is almost an instinct in the Swedish peasant class; the efforts of the strike leaders, who told the men that the cause would be imperilled and the movement disgraced by acts of violence; and, lastly, enforced sobriety. Whatever drawbacks a benevolent and paternal despotism may have, in this case, at least, its advantages were most striking. At the very beginning of the strike the governors of the different provinces issued orders forbidding the sale of all intoxicating liquors in their respective areas, the only exception being that in hotels and restaurants wine and beer might be served with meals. The public-houses under the Gothenburg system were all closed, and thus a great temptation was removed from men on whose hands time was hanging heavily. This enforced temperance met with the warmest approval of the strike leaders, and was largely responsible for the excellent conduct of the men during the struggle. The effects of such an order were, of course, widespread; to some it meant a certain amount of self-denial; to others it meant considerable financial loss. The well-to-do had to give up their accustomed wine, cognac, or punch; the working man had to forgo his gin or his beer; the restaurants were practically empty; the wine merchants could just as well have put up their shutters. Yet the order met with no organised opposition, for everyone was convinced that the restriction contributed to the best interests of society at large, that personal convenience and individual advantage must occupy quite a secondary position.

It is too early to estimate with any precision the results of the struggle. From the economic point of view one of the most

¹ This number diminishes daily.

important questions involved is that of Labour contracts. The Swedish Government intend during the next session of Parliament to introduce a Bill dealing with this question, and it is possible that recent Labour legislation in Canada and Australia may have some influence on the character of the measure. The Labour leaders have regarded collective contracts as binding on the men only so long as they fitted in with Trade Union policy. This weakens, surely, the whole position of collective bargaining. Will employers enter into collective contracts on the understanding that they are binding on themselves and not on the men? As a matter of fact most, if not all, of those who have returned to work have done so under personal contract, and thus there seems to be a great danger of putting back the clock in the whole question of Labour organisation. In some of the new contracts membership of an organisation which can force the men to break their agreements is forbidden. In others, some kind of security is demanded: a certain percentage of the wages is kept back till a fund of 300 kronor (£16 10s.) is formed. If the men leave work under proper conditions the sum is returned with interest; if they strike, the sum is forfeited.

Any calculation as to the financial results must necessarily be extremely hazardous. An attempt has been made to magnify abroad Sweden's economic losses from the strike, and to suggest that her financial position has been seriously weakened. Yet the bank rate has remained unchanged; there has been no slump on the Stockholm Stock Exchange: the credit of the country has been in no way affected. The following estimate has been carefully prepared, and may be regarded as representing very fairly the facts of the case. The loss to production due to the one month's partial cessation of work does not probably exceed £3,000,000. The diminished consumption—mainly amongst the working classes—may be put down as about one-quarter of this amount, leaving a net direct loss of $2\frac{1}{4}$ millions. The indirect losses are less easily calculated. For some time, no doubt, production will go on at a reduced rate; business has perhaps been diverted to other countries, or the demand for commodities may be restricted. Against these losses may be set improved markets, the reduction of stocks which had been accumulating in the recent period of depression, and special activity in those trades in which the execution of large orders has been delayed by reason of the strike. A further and very important consideration is the harvest. In a country so largely agricultural as Sweden—more than half the population are connected with rural pursuits—a good harvest

may more than counterbalance industrial losses. The difference in the value of the crop between a good year and a moderately good one would probably amount to 5 or 6 millions sterling, and it has never been suggested that this difference is sufficient to affect the nation's credit abroad. The harvest this year promises to be much above the average, and there is very little doubt that the gain from this will exceed the loss to trade and manufactures caused by the strike. There is nothing, therefore, in the present economic position to affect the country's borrowing powers or to depreciate its securities. The evil effects will be felt internally and not externally. The workers themselves will suffer most. Unemployment and the misery consequent on it are likely to be very general in the coming winter.

The causes, progress, and results of the Swedish General Strike have been briefly surveyed, and it only remains to suggest some practical conclusions. Partial as the strike really proved to be, it has sufficiently established the fact that modern society is so complex in its structure that no one section of it can be injured without causing suffering and loss to the whole. It has showed how impossible it is to isolate two classes--capitalists and wage-earners--and to leave them to fight out their differences by themselves. A General Lock-out would be as dangerous as a General Strike which withdrew labour from all important social services. The employment of either weapon would bring society to a standstill; those who attempted to wield it would suffer equally with those against whom it was directed. The difference between a strike in a particular industry and a strike which affects labour in general is one of kind and not of degree; the former may sometimes perform a useful purpose, the latter never. In a General Strike the questions in dispute are not decided on their merits. Can society be expected to give a verdict in favour of the party which has imperilled its very existence? The experiment in Sweden has failed, and its failure has completely discredited the General Strike as a method of settling industrial differences.

T. H. PENSON

THE PRESENT STATE OF WORKING-CLASS PENSIONS IN FRANCE.

THE French Parliament, at its re-opening in the autumn of 1909, had before it the question of working-class pensions (*retraites*), a question which it is desired to settle before the advent of the General Election in the spring of 1910. Hence the question has attained the stage of practical politics.

The debates have for their text a fresh Bill, and the parties

interested, both masters and benefit societies, have recently given expression to their opinion about it. Hence to understand the debates it becomes necessary to analyse:—

- (1) The text of the new Bill.
- (2) The opinion of leading employers.
- (3) The opinion of "Mutualists."

1. *The Bill before Parliament.*

This is the measure drafted by the Special Commission of the Senate, and communicated by its president, M. Cuvinot.

The Commission begins by setting aside the motion passed by the Chamber for the two following reasons:—

(1) The motion would have involved the State in an expenditure far exceeding the limits revealed by the Budget.

(2) It levied on both employers and employed contributions amounting to about 400 million francs. This new burden, added all at once to the charges weighing already on manufactures and agriculture, could not have failed to bring about a disastrous reaction on national production, and also, it might be, on the wages standard.

At the same time the Commission, recognising the necessity there exists for legislation on working-class pensions, has put forward a new programme. This is based, like that drawn up by the Chamber of Deputies, on the principle of compulsion. It extends to all workers and employed of both sexes, in manufactures, commerce, working-class associations, liberal professions, and agriculture, as well as in domestic service attached to the person of the employer. It guarantees to these, from the age of 65 years: (a) an annual life-grant of 120 francs (nearly £4 16s.; about 1s. 10d. a week); (b) an old-age pension, and (c) in certain eventualities, a disablement pension (*retraite d'invalidité*).

(a) The life-grant is to consist of compulsory contributions from employers and of a supplementary subsidy from the State. The employers are to deposit annually 9 francs for each worker they employ who is over 18, and half that sum for employees under that age. These sums will be payable as a form of direct taxation.

(b) The old-age pension is to consist of compulsory and optional deposits made by the parties interested, as well as of bonuses from the State. Compulsory deposits will be from 3 francs per year from persons between 15 and 18 years, and from 6 francs per year from persons aged 18 and upwards, till the age when the old-age pension falls due. They may be made

into reserved capital—that is to say, the deposits shall be restored, without interest, to the heirs of the deceased insured. Every person thus insured will receive an annual chart, on which to affix pension-stamps, and an account of his own, in which the compulsory and optional deposits will be entered yearly, together with the corresponding perpetual dividends. Should there be at the end of the year any delay in the payment of any monthly shares of these deposits, and should a demand for the same have remained unresponded to, the employer will be entitled, on merely receiving information from the agent for the Treasury, to keep back the deficit in deposits out of the wages payable to the individual defaulter, and affix stamps corresponding to the sum withheld on the chart.

The subsidy granted by the State is to be fixed annually, in anticipation of a future liquidation by the beneficiary at the age of 65, and credited to his account. The amount of the subsidy in each case will be from one-third of the dividend accruing from the deposits made by the beneficiary, if these have been set aside as capital. When the subsidy has amounted to 60 francs, it will no longer increase. The benefit derived from deposits made by married persons will be halved and paid separately to each of the pair, together with a subsidy of one-third, up to the 60-franc maximum, paid also to each of the pair. Every insured person may, from the age of 55 years and onwards, put in a claim for the liquidation due when he claims his old-age pension 10 years later. But in that case the State subsidy will also be charged, with a liquidation at the same time, and will be reduced accordingly.

To qualify for benefits under the annual grant, persons must give proof (1) that they have belonged, from 10 years of age, to one of the classes of workers recognised by law; (2) that they have subscribed at least three-fifths of the compulsory deposits. Those who, when the law comes into effect, will be between 50 and 65 years of age, must have paid in the entire amount of compulsory deposits. Persons who will no longer belong to one or other of the classes of workers recognised by law—in other words, superannuated workers—will have the right to claim the life-grant, if they have, during 10 years, put by the amount of the deposits as if in compliance with the law. The grant in this case will be reckoned by multiplying the number of yearly deposits by 4 francs.

At the death of a person insured, grants will be allotted as follows:—

(1) To a childless widow, a monthly allowance of 30 francs for two months.

(2) To a widow with children, a monthly allowance of 30 francs for six months, increased by 5 francs per month and per child up to 50 francs a month at most.

(3) To children bereaved of both parents, a monthly allowance of 30 francs for six months, increased by 5 francs per head up to 50 francs a month at most.

(c) The disablement pension is to take the shape of liquidations advanced from the old-age pension, and is to be granted to proper claimants, who, except in cases of accident during work, and without intention on their part, have incurred serious wounds or premature infirmities involving total and permanent incapacity for work. The State will confer this benefit up to a maximum equal to three times the ordinary grant, *i.e.*, to 360 francs. The pension does not exclude other compensations that may be obligatory. It is considered to be a result of saving.

Such are the main resolutions in the Bill drafted by the Commission. From them we note that :—

(1) The funds required to carry out such a law will be supplied by the salaried individual, by the employer, and by the State.

(2) The contribution to be made by the first of these will be credited to his account and *capitalised*, in view of repayment in the shape of pension, the State subsidising this.

(3) The contribution by the second, the employer, takes the form of a distribution among the recipients, to be applied, together with a supplementary State-subsidition, to pay a fixed grant to all the insured parties who, on touching the liquidation of their pension, will fulfil the legal qualifications.

(4) The Treasury is to be exclusively responsible for :—

(a) Grants to widows and orphans.

(b) Grants to aged persons from 65 to 70 years who do not benefit by either the Pensions Act or the Poor Relief Law.

(c) Grants to societies for mutual aid.

(d) Administrative expenses.

The Commission justifies its decisions as follows :—

(1) With regard to the compulsory contribution by the worker, it is the duty of public authority to enlighten the improvident and the ignorant, by imposing on all, *in a restricted degree*, the practice of thrift. It holds that such an ordinance, so far from attacking the spirit of providence, will certainly hasten its growth.

(2) With regard to the rate of the workers' subscriptions, the

ratio they have chosen between the deposit of 6 francs and an annual wage of 300 francs, which is more than some workers earn, is equal to a deposit of 2 per cent. of wage.

(3) With regard to the distinction between pension and grant, to encourage compliance with the law by keeping distinct the pension acquired by the subject's own deposits and the State subsidy.

With regard to other forms of providence and dependence on societies for aid, the Commission proposes the following arrangement:—

(1) When the pension calculated to take effect at 65 years exceeds 180 francs, including subsidy, the insured party can apply the whole of his compulsory deposits to insurance against illness or disablement. Thus he can use the capital value of this surplus either for insurance in case of death, or to acquire land, or a place of residence that cannot be distrained upon or alienated.

(2) The deposits are made by the choice of the parties interested, either to the national fund for old-age pensions, or to a society, or union of societies for mutual aid.

(3) Every society or union may agree to insure its members' pensions direct.

(4) Such a society will receive annually 1 franc per member, whether it insures pensions direct, or whether it sends in members' pass-books registering annual deposits of at least 6 francs.

(5) Such a society will receive annually 1f. 50c. (or 75c. for insured members of 15–18 years of age) per member subject to the Pensions Act. This subvention will be applied to reduce the insurance premium against illness.

The financial provisions of the Commission are as follows:—

Number of persons insured : From 15–18 years, 90,000 francs ; from 18–65 years, 10,020,560 francs.

State subventions for annual life-grants, 69·1 million francs.

Employers' contributions :—

$$790,000 \times 4.50 + 10,020,560 \times 9 = 93,740,040 \text{ francs.}$$

Compulsory deposits of persons insured :—

$$790,000 \times 3 + 10,020,560 \times 6 = 62,493,360 \text{ francs.}$$

Number of beneficiaries under life-grant, 1,357,000.

State subsidies for pensions :—

First year, none ; growing to 49·9 million francs.

Grants to aged workers from 65–69 years at the date of the law coming into effect :—

First year, 14,000,000; fifth year, 2·8 million francs.

Subventions to societies for mutual aid, 5 million francs.

Grants at death, 14·4 million francs.

Expenses of administration, 15 million francs.

Total burden on the State (after the law has taken effect for 80 years) :—

$$69\cdot1 + 49\cdot9 + 5 + 14\cdot4 + 15 = 153\cdot4 \text{ million francs.}$$

An amendment has been put to the Senate by M. Ferdinand Dreyfus and several of his supporters, which proposes to make the insurance system commence even in the schools, so that children may have a share in building their pensions. The parents would, of course, pay their subscriptions.

2. *The Opinion of the Employers.*

The Republican Council of Commerce and Industry met on June 24th, 1909, to listen to a lecture based on ample statistics by M. Gaston Sciama, member for many years of the Paris Chamber of Commerce.

By M. Sciama the masters' contribution was estimated at 85 million francs, the employees' contribution at 57·7 millions. He reckoned that the number of parties who would be able to claim life-grants should be reduced from 1,370,000 to 950,000, and that 1 million could form the maximum.

A careful study of the figures concerned had led him to conclude that, at the end of 20 years, the charges on the State would scarcely exceed 80 millions. He alluded to an assertion made by the Finance Minister, fixing 100 millions as the maximum sacrifice which might be demanded of the State. And his inference was that, in 20 years, the sacrifice imposed upon the State would not reach, even by the least favourable hypothesis, the figure which the Finance Minister had affirmed would prove correct starting from the present day. He concluded in favour of the Bill, with certain modifications. With reference to the charge upon the masters, he pointed out that this burden (85 millions) represented scarcely over 1 per cent. of the amount paid in wages (estimated at 7,800 millions). And that "this sacrifice is a very light one side by side with the social benefit we may derive from it."

This opinion, however, is by no means that of all classes of employers. Thus the Associated Employers' Federation of the French Textile Industries (*Union des Syndicats Patronaux*) is always staunch to the cause of free providence. On March 11th, 1909, it passed a resolution that the question of pensions should

be thus decided: (1) By the gradual improvement in the law for assisting the aged, whereby it might become a law of old-age pensions, supported by the whole French nation, and benefiting all without distinction; (2) by the adoption of legislation encouraging free thrift, and especially benefit societies. Further, it demanded that legislators should reject every tendency to compel the employer to become a fiscal agent, in making him the collector of workmen's subscriptions. Similarly, too, the Central Council of Associated Trade Unions passed a resolution on May 27th, 1909, opposing the principle of compulsory deposits, and in favour of capitalising freely deposited subscriptions. It approved of the Bill drafted by the Senatorial Commission, "from the point of view of an opportunist, practical spirit," but only with the following modifications: (1) The deposits made by workers should be always optional; (2) those made by employers and by the State should be compulsory whenever the worker, by a prior agreement, had expressed a wish to undertake a voluntary subscription. For improvident employees the law of poor relief would suffice. It approved, however, of the system of distribution proposed for the funds subscribed by employers, and of the system of capitalisation for the deposits made by workers and by the State.

3. *The Mutualists' Opinion.*

Those societies for mutual aid who yearly send their delegates to the National Congress have recently expressed their opinion of the Bill. Their tenth Congress was held at Nancy in August, and on the 2nd they passed the following resolution:—

"The Congress affirms once more the superiority of free association in matters of social providence. It declares that free association shall remain as the type according to which all legislative measures for completing the work of liberty should be conceived and regulated, and that in every case those measures should never thwart the development for this work; that, therefore, justice and the interests of society demand that Mutualists, even if they be subject to a law of compulsory action, should possess the right of turning their savings to advantage by the means and with the privileges belonging to their institutions, and of arranging their pensions under the ægis of such measures as have preceded the law, and which cannot fail to decline in prosperity if the law turn away those whose interests have been bound up in them. The Congress expresses its regret that neither the resolution passed by the Chamber, nor the Bill drafted by the Senatorial Commission, has safeguarded this precious right.

... Nevertheless, the Congress, resolved to achieve practical and positive work, . . . accepts to a certain extent the essentials of M. Cuvinot's Bill."

Following on this declaration of principle, the Congress decided not to examine in detail the Cuvinot Bill, but to seek how with it means might be found to defend the cause of mutual aid. To effect this it passed the following resolutions :—

(1) That to impose on Mutualists (even on those who have forestalled the Bill, and instituted in their own societies the pension demanded) a new and compulsory contribution, identical with that to which they are already liable, is only admissible if the contribution be sufficiently light not to be intolerable when added to the voluntary subscription. Hence the compulsory subscription must be reduced to minimum, and must in no case exceed the sum of 6 francs fixed by the Senatorial Commission.

(2) That the pressure effected by the accumulated burden be lightened by means of subventions which are only partially provided in the Bill. The Congress estimates :—

(a) That over and above the franc per head, allotted for the work of collecting to be done by the societies, a supplementary indemnity of 1 franc per member ought to be added in favour of every society which consents to carry out the administration of the pensions.

(b) That the supplementary indemnity granted to the societies who at the same time administer sick relief be raised from 1f. 50c. to 2 francs.

(3) That consent may not be refused to any society unless it have inadequate technical organisation.

"As regards the rest of the Bill, benefit societies note those clauses permitting masters, employed and workers, who subscribe to specified voluntary savings banks, to convert their subscriptions into obligatory payments. And they appreciate the excellent intentions which have induced the Senatorial Commission to permit optional deposits paid by the insured parties being credited to the same account as compulsory deposits. At the same time they apprehend that danger would be involved to the cause of mutual aid from this diversion of free savings. A compulsory system ought not to attract to State funds the surplus of workers' economies. Savings that are left free ought to be reserved for free disposal. And a pension is not the only object at which providence should aim. It belongs to thrift to administer its resources for the relief of the great needs of social hygiene."

These utterances are very characteristic. They reveal the anxiety of societies for mutual aid to safeguard their independence to the utmost. And that they have no intention of renouncing their peculiar functions is shown by their demanding, at the Nancy Congress, certain reforms not coming under the Pensions Act, and which they judge to be indispensable for their future. Among these reforms the most noteworthy are the power of alienating the individual's subscription, and the whole or part of such extraordinary resources as go to form the common pensions fund; and again, the explicit consignment of the interest, rated at $4\frac{1}{2}$ per cent., to the funds deposited in those accounts called *autonomous*, which constitute one of the instruments used in benefit societies' pensions.

"Mutuality" is too great a power in France for its demands not to be taken into account by Parliament to the widest extent possible.

MAURICE BELLOM

Report by Mr. A. D. Steel-Maitland and Miss Rose E. Squire (H.M. Inspector of Factories) on the Relation of Industrial and Sanitary Conditions to Pauperism, together with an additional Memorandum on certain other points connected with the Poor Law System and its Administration. (Royal Commission on Poor Laws and Relief of Distress. Appendix, Vol. XVI. Cd. 4653. Pp. 393. Price 4s. 9d.)

THE subjects of this investigation were the relation of the following conditions to pauperism:—Dangerous and unhealthy trades, casual labour, seasonal trades, and the housing of the poor. The conclusions arrived at are significant. Casual and irregular employment is by far the chief cause of pauperism. Bad housing conditions have, through disease and demoralisation, a lesser but still important effect. Seasonal fluctuations of trade cause pauperism so far as this seasonality possesses a casual character, also because often the same man is both a seasonal and a casual worker. Some pauperism, again, is due to insufficient earnings in certain trades, but no connection has been traced between it and excessive hours of work. Finally, a definite but very small proportion of pauperism is due to unhealthy trades and insanitary work-places; but an undue proportion, varying with the danger, is found in dangerous trades, though the small number employed limits the aggregate effect.

When dealing with the relief of unemployment, Messrs. Jackson and Pringle lay stress on the pre-eminence in evil of

casual labour, and this report, approaching the matter from another standpoint, arrives at the same conclusion. Of the unions visited, "in three we found localities where the casual labourer was not mentioned." All were rural districts, and wherever there was an urban element, casual labour took a foremost place. "In villages it hardly exists; in a manufacturing town it is small; in a metropolis it is large." The causes of the manufacture of casuals are found in conditions predisposing to casual labour, the absence of discipline-producing habits, and boy labour. The authors face any increased cost regularisation may involve, though such is "often incurred already by the most ably managed and successful firms." They fail, however, to notice the effect that the large supply of available labour has in causing casual employment to be preferred, but are prepared to go far to obtain a remedy; "for the greatness of the evil surpasses that of the others, and so does the need of reform."

Such are their main conclusions; and the work they have accomplished in eight months would have been an admirable return to several years' investigation; and they and their assistants are to be heartily congratulated. The Report is divided into one on London, and a Final Report dealing with Liverpool, Manchester, Bristol, four West-country towns (Redruth, Penzance, St. Austell, and Tavistock), Wortley, Sheffield, Birmingham, the Potteries and St. Helens. There is also a Memorandum (pp. 189-196) on other points connected with the Poor Law, and 200 pages of Appendices, nearly all valuable, and illustrated by frequent charts.

The statistical difficulties encountered were considerable, being especially great in dealing with London. The Poor Law records were often in such a form that much labour was required before the information desired could be extracted and often the attempt to obtain reliable statistical information had to be abandoned. In London the daily migrations of the population complicated the attempt to trace the effect of the employment of certain persons in one district on their pauperism in another. Nor could full confidence be placed anywhere either in the census or Poor-Law returns of occupations, apart from certain broad generalisations. First, whatever his real employment, a labourer will generally class himself in the occupation predominant in his locality. Secondly, the occupation at the moment of pauperism is not necessarily that which produced it. Two instances may be quoted. A commercial traveller's health was destroyed by phthisis, and hawking was his last recourse

before applying for relief. Again, two laundresses—widows—, were prevented from working through age and ulceration of the legs, but took up sewing as a supplement to out-relief. Or, again, in housing; “the life of a family in a one-room tenement may not be a cause of pauperism but a symptom of its imminence.” Thirdly, it was necessary to distinguish between the immediate pauperisation of a man himself and the perhaps far more serious and widespread ultimate pauperism of his dependents. This is shown by comparing male pauperism, due to certain diseases, in certain trades and districts, with the proportion of pauperism among the widows of the victims. The figures obtained were often striking, for the localisation of certain industries, such as the Potteries and tin-mining, rendered them more easily available. Still, of all the valuable statistical work carried out under difficulties, this is perhaps the best.

The London Report first sketches the modes in which pauperism is created. Thus, the mention of low wages raises the question as to what is to be the standard and for whom—single man or family? Secondly, there is sickness and certain diseases which, owing to their long duration, are especially pauperising. Such are phthisis, pneumonia, and rheumatism. Further, in Friendly Societies a decline, except at the later periods, in the death-rates is accompanied by a rise in the rate of sickness. This is all attributed to a greater readiness to claim sick pay. Among other causes, demoralisation of character and education in potential pauperism need no emphasis; but the subject of premature age would repay inquiry.

Dangerous trades in London were treated according to their importance. Few such trades are carried on there, and only a small proportion of workpeople is affected. Those considered include white lead, leather, boots and shoes, and printing. In the last, however, the pauperising influence of phthisis is largely counteracted by high wages and insurance. Among women, domestic service should not produce pauperism, except among the overworked, ill-paid “general servants.” With charwomen deficiency of wages tends to pauperism, but only in the lower branches. Among laundry-workers, laziness and parasitism among the husbands is the great pauperiser. Employment also is largely casual, except in the better laundries, and somewhat seasonal, especially in Kensington. But with women as a whole the most baneful influence is casual labour, and, as with men, there is “a class in the lowest depths which just stops short of destitution.”

Casual labour is next considered, its evils being accentuated

by indiscriminate charity. Paupers are mostly recruited from irregular unskilled workers, especially "casual labourers, more or less in the building trade," printers' labourers, and others of a low class. The descriptions of dock labour in London, Liverpool, Manchester, and Bristol are extremely interesting, and the comparisons between them (pp. 30-34 of the Final Report) deserve careful study. As regards London, railways show the value of regular employment, even when wages are low and hours long, whilst the building trades show a high degree of pauperism accompanying the combination of large hourly wages and casual employment. Possibly insufficient allowance is made for an exceptionally severe depression and for changed methods of building construction. An interesting table (p. 48) shows the proportion of able-bodied to non-able-bodied paupers in certain industries.

Finally, bad housing may be a symptom, not a cause; and not only high rents but the nature of the occupants themselves may produce overcrowding. Directly, bad housing causes disease and so pauperism. Indirectly, a bad street, demoralising the inhabitants, renders the acceptance of relief more easy, and striking figures show the almost complete pauperisation of whole streets. Common lodging-houses and furnished rooms are the resort of the casual class and hence the breeding-grounds of paupers, and the moral effect of the latter is exceptionally bad. Provincial conditions approximate very closely to those existing in London.

Only a brief reference is possible to the most striking features of the other districts investigated. Both Liverpool and Manchester "compare with London as being more metropolitan than manufacturing." In the latter we see the same tendency for industries to leave the town for the surrounding districts. In Liverpool far more than in London the riverside trades—dock labour and shipbuilding—are the predominant section of the industrial population. Again, in Bristol low wages in the boot trade, partly caused by casual employment, are supplemented by female earnings in chocolate and tailoring factories, and so "a wage is made up, none earning a living wage separately." At Redruth the effects of tin-mining on pauperism is unmistakable, and much of such casual labour as exists results from disease. The absence of women's occupations increases pauperism among widows. At Sheffield both grinding and cutlery produce pauperism through disease. The danger is less in the latter, but is aggravated by low wages. Fluctuations of trade and casual labour cause pauperism among unskilled workers in the steel.

works, though wages are comparatively high. Both Sheffield and Birmingham are still in a state of transition from early nineteenth century to modern conditions. The brass trades in Birmingham employ a sufficient proportion of the population to have a visible effect on the returns. In the Potteries the conditions as to health predispose to pauperism, but this is not excessive: rather the reverse. Casual labour produces as much pauperism as disease, but may itself be due to the latter. Wages are comparatively good, there are considerable openings for female employment, and a satisfactory amount of thrift. Among colliers in this district and at St. Helens, in spite of high wages, there is a disproportionate amount of pauperism, due partly to the unskilled "loaders" and partly to lack of thrift and a misuse of medical relief. In St. Helens conditions do not at present lead to pauperism either in the glass or chemical industries, though in the latter they formerly did so.

The investigators' conclusions have already been dealt with, but not their recommendations, except as to casual labour. In dangerous trades and unsanitary work-places what is rather required is a more rigid enforcement of existing regulations, in themselves adequate. More might be done both by employers and by associations of workmen. The latter especially should insist on habits of cleanliness among their members. In dangerous trades a system of compulsory joint insurance against sickness is advocated in preference to compensation. Further suggestions are: increased regulation of common lodging-houses and furnished rooms, and training for girls in domestic habits. As regards phthisis, the authors recommend a guarded power of compulsory removal, depauperisation of institutional treatment, and uniform action as to notification and disinfection, with finally a special inquiry into the Cornish tin mines. Lastly the need of a uniform system of keeping Poor-Law records is insisted on. It is not possible to deal in detail with the appendices, which are admirable. We can only repeat that the Report itself is as lucid and interesting as the investigation has been ably conducted and carried out.

N. B. DEARLE

Report by Mr. Cyril Jackson and the Rev. J. C. Pringle on the Effects of Employment or Assistance given to the "Unemployed" since 1886 as a means of Relieving Distress outside the Poor Law. (Royal Commission on the Poor Laws and Relief of Distress. Cd. 4795. Pp. 757. Price 12s. 6d.)

Not the least interesting point in this very admirable Report is that the subject is treated from the standpoint of the assistance

given to the "unemployed," and hence with unemployment as a "problem of pauperism," not a "problem of industry." The authors, however, lay stress on the evils of every system of relief works—that is, of all attempts to deal with the question from the former point of view. The Report sketches the history of the system introduced in 1886, and describes it as it exists to-day under the Unemployed Workman Act. The latter marks, perhaps, the best form a system of relief works can take, and its failure proves the final collapse of the old methods.

In the few months at their disposal the authors and their assistants have covered an enormous amount of ground, producing a Report of 136 pages, appendices of 600, and numerous charts. The Commission asked for information on four main subjects: first, the results of inquiries since 1866 as to recurring periods of distress, their causes, the measures adopted and their administration; secondly, particulars as to the unemployed; thirdly, existing agencies; and lastly, the effect of the provision made on individuals and on the public interest. The authors have wisely followed this arrangement, which has enabled fresh light to be thrown on many matters, and the Report itself never ceases to be interesting. Considerable statistical difficulties arose; for, besides the defectiveness of unemployed statistics, the records of past funds were very incomplete, and those of the existing Distress Committees often cover but a minority of the applications, and the basis of classification varies. Finally, though only recently published, their Report was sent in early in 1907.

The actual existence of trade cycles and depressions is found to be abundantly proved, though allowance must be made for the long period covered by them, the distress caused independently by seasonal fluctuations, particularly by severe frosts, and variations in local conditions. But proof is lacking that the relief given at such periods was received by workmen distressed as a direct result of cyclical fluctuations. "The documentary evidence fails to demonstrate that genuine exceptional distress due to lack of employment has been relieved; it supports amply the proposition that the distress revealed has been of most formidable dimensions and has been chronic." Always the number of applicants not only exceeds, but varies with, the amount of relief; and the authors have never discovered relief works not fully applied for. Possibly the decline in applications to Distress Committees during 1906-7 suggests a modification of this picture.

Chronic distress, therefore, is the problem; and figures

are produced showing an extraordinarily high degree of irregularity in various trades, skilled and unskilled. Since 1885 attention has been mistakenly focussed on the man "ordinarily in regular work." A more proper picture is "the casual baby, born in the casual home, bred on casual lines, casually trained and disciplined, despite all efforts casually educated, and entering at twenty-one into the full inheritance of odd jobs." But each trade depression leaves behind men formerly in regular work but unable to regain it. Moreover skilled men, unable to work at their trade, fall into labouring work. Hence the chief sufferer from cyclical depressions is "the man with the weak hold on the labour market." The economic transformation of trades makes the remedy of insurance difficult, if not impracticable. Lack of knowledge of available openings hinders young persons from avoiding the irregular trades, and the tendency of "young, cheap, irregular labour to oust adults of both sexes" aggravates this. Finally, the wages of wife and family prevent men from leaving irregular occupations, and the husband is apt to "loaf on his wife's earnings."

A triple classification of the forms of relief outside the Poor Law into permanent and temporary, official and voluntary, and for making and finding work, has resulted in a lucid analysis of past efforts. Two salient points may be noticed. One is the failure of labour exchanges when associated with relief of distress or used as a register for the unemployed; the other is the failure of the methods of relief adopted. "To filch anything from two to twenty days' work from one set of labourers none too regularly employed and to give it to another set, even worse off, kept the second down where they were and dragged the first set down nearer to their level of misfortune." Finally, in administration the record both in investigation and co-operation is one of failure, and little or no account has been kept of the moneys raised and spent by past funds.

In reference to particulars of the unemployed, however, no sufficient statistics are available to permit safe reasoning as to their ages. The large numbers of young men applying may be contrasted with the comparatively small percentage of unemployment among the younger trade unionists. Some valuable results have been obtained concerning recurrent cases. The 1886 and 1892-4 lists of cases have been examined, and a surprisingly large proportion, considering the lapsed time, have re-applied between 1903 and 1906; in other cases their children have done so. Generally, such cases are "respectable according

to the standard of their class, and are merely laggards in the industrial army." The really respectable characters soon get tired of applying.

The returns of sick benefit of the three largest Friendly Societies are against the suggestion that unemployment causes additional sickness. The authors rightly condemn the refusal of many Distress Committees to consider character, and hold that such a refusal prejudices the genuine worker. The relief of a few bad characters predisposes the public to regard all the unemployed as such. Next, attention is drawn to the number of ex-army men among the applicants, and the provision of industrial training during service is suggested. Finally, underselling by charitable agencies is considered, with special reference to wood-chopping. The authors hold that such does take place, and in any case such agencies obtain an advantage through appealing on behalf of the unemployed. Elsewhere it is pointed out that the assistance given is often no real help and merely "perpetuates the casual odd-jobber, who is unwilling to take up steady work."

The Distress Committee returns are no guide to the proportions of artisans and labourers among the unemployed. Few skilled workmen register, and some who describe themselves as such are not really so. Thus many so-called painters are really "handy men who occasionally turn their hands to the light work of rough painting." The real measure of unemployment among skilled men must be looked for elsewhere. Again, the number of general labourers among applicants is swollen by men who class themselves as such in the hope of thus getting employment. Few members of trade unions and friendly societies apply. The number of voters among the unemployed varied usually from 20 to 50 per cent. Useful figures are given as to Poor-Law relief, but no conclusions drawn, except that Distress Committees should make returns on a uniform basis.

Among existing agencies, the Act of 1905 has done its work better than previous agencies—notably the borough councils. It has given long spells of work instead of doles, and has more successfully avoided cutting into the ordinary labour market. The authors add that it has enabled the problem to be stated by establishing the record paper, and replaced the spasmodic operations of borough councils by a more expert committee, and prevented some overlapping. Of other agencies the London County Council makes some effort to regularise employment and to increase it during the winter. Charitable societies, as mentioned,

are apt to encourage casual labour, but the doling out of a few days' work per man by newspaper funds is relief at its worst. Emigration societies will be useful to deal with "any real surplus of competent labour." The value of trade unions, though their unemployed benefit in a modified form might be more general, is insisted on, and that of labour exchanges discussed.

• Lastly, the effect of employment relief is considered. It has little effect on thrift, because it is exceedingly difficult for the casual labour to practise it, and because the small doses of work given cannot enter seriously into a man's scheme of life. But the Treasury grant may have such an influence if it causes many men to demand employment as a right. Nor does the Act appear to have caused employers to dismiss men more readily during slackness. Local authorities have sometimes forestalled work for the unemployed and have been compelled, as a consequence, to discharge some regular hands later on. Others, more wisely, have relieved the labour market by doing more work in slack than in busy seasons. Finally, relief works have had a slight tendency to cause men to apply afterwards to the Poor Law. The work done has, with some exceptions, been of public utility and, generally, of average durability. It has, however, been almost always more, and often considerably more, costly than if done in the ordinary way.

• The concluding chapter touches on some suggested remedies, and considers in detail the suggestions of various experts. The authors themselves find the chief causes of unemployment in the large existing margin of casual labour, in the use of this to "rush through" work in "good years" and at certain seasons, in the shifting and transformation of trades, in wasteful business methods and abnormal dislocations by wars, tariffs, &c., in deterioration of industrial character in the lowest class through casual labour and lack of training, and lastly in the competition of cheap labour, juvenile, female and alien. Of the suggested remedies, relief works are rejected. The chief reliance is placed on a more economic organisation of industry, which should be regulated in such a way as to obviate or mitigate cycles and seasons. In this the Government could give much help, and its own work might be far more regular than it is. Much, too, can be done by the men themselves through their unions—for instance, by regulation of hours of labour between busy and slack times and by extending their insurance against unemployment. A State subsidy of unemployed benefits, whatever its difficulties, would enormously increase the membership of the

unions. The unemployable should be isolated by drastic vagrancy regulations and by semi-penal colonies. The source of the supply should be stopped by an attack in school and factory on unskilled boy labour. Labour exchanges and emigration are also mentioned. The appendices, with which it is impossible to deal, have the same merits as the Report, and this is a most admirable and comprehensive piece of work.

N. B. DEARLE

Statistical Memoranda and Charts Prepared in the Local Government Board, Relating to Public Health and Social Conditions.
(Cd. 4671. 1909. Price 5s.)

THE memoranda and charts here collected together have been prepared for the purpose of illustrating "in a convenient and readily intelligible form" certain aspects of social conditions during the last fifty years. The materials required have for the most part been extracted and collated from numerous existing publications, and relate mainly to England and Wales.

The memoranda are arranged in six more or less independent sections. The first of these deals with "Population," and in that section emphasis is laid on the slight diminution in the rate of natural increase of population during the past thirty years; on the decline in the birth-rate during the same period; and on the growth of urban population as compared with rural. The decline in the birth-rate and (in the following section) the reduction in the death-rate are noted as common to "most European countries." This is in fact true, but it can hardly be held to be "evident" in this report since birth and death statistics of only three countries (France, Prussia, and Belgium) are quoted in support of the proposition. The section is lacking in statistics of migration, which, though admittedly incomplete, are yet valuable and necessary.

The second section is on "Public Health," and contains, *inter alia*, a useful *résumé* of public health legislation and administration in England and Wales since 1831, and a statement of operations under the Housing of the Working Classes Acts. The statistical discussion of mortality and health is, however, not so full as it might have been. For instance, as regards infantile mortality, it is stated that "the local or other conditions, such as overcrowding, the industrial occupation of married women, &c., which may contribute to a high rate of infant mortality, cannot be considered within the limits of this memorandum"—although one would suppose that these are just the factors that should not

be neglected in a study of social conditions. Again, one of the many tables and two of the charts in this section exhibit the comparative mortality of males in the principal occupations. The data are taken from the decennial supplement to the 65th Report of the Registrar-General of England and Wales. But while, in that supplement, the Registrar-General explains that the figures need to be carefully interpreted (*e.g.*, to allow for the fact that weaklings tend to change from strenuous occupations into lighter ones, and so cause the general level of physique to be higher in one occupation than in another), no such warnings or explanations are given in the present report. It cannot properly be urged that for details of this nature reference should be made to the original sources, for in quoting a table, the minimum amount of explanation necessary to a correct and legitimate use of it should surely be also quoted.

The third section deals with "Occupations, Wages, and Unemployment." The continuous diminution of the agricultural population; the expansion of the numbers engaged in the building and allied trades; and the large number of general or casual labourers, as estimated from the census of 1901, are particularly noted. The relative course of wage and wholesale prices is well shown on the charts, though in the text the periods of comparison are unfortunately not the same. Unemployment is discussed and illustrated on the basis of the Trade Union returns and of statistics of applicants to Distress Committees. In connection with the relief of unemployment, one of the most interesting and important facts is the increasing percentage of applicants to Distress Committees, who repeat their application year after year.

The fourth section is on the "Poor Law and Pauperism," and is one of the best in the volume. The relative decline of pauperism in England and Wales and Scotland, and its increase in Ireland; the change in the components of pauperism; and the growth in the cost of poor relief are well brought out. Not the least valuable part of the section is a chronological table giving "the principal statutes, orders, and circulars, and other matters affecting the Poor Law and Pauperism" since 1834.

The next section relates to "Local Government and Local Taxation," and is also a good one. The effect on local taxation of the growth and specialisation of local government administration; the increase of rates and rateable value; of local revenue (especially that part received in the way of Exchequer grants); and of local debt, are all treated as comprehensively as the space

will allow. Local expenditure might, however, have been treated rather more fully and systematically.

The final section gives a brief *résumé* of statistics of school attendances in England and Wales; illiteracy among married persons; membership and funds of friendly societies; amount of deposits in savings banks; income-tax produce; and numbers of persons tried for indictable and non-indictable offences. It is to be regretted that no statistics of productive and distributive co-operation are given, the subject being mentioned—and dismissed—with the simple announcement that valuable information thereon is to be found in the reports of the Chief Registrar of Friendly Societies.

Viewing the report as a whole, it may be regarded as a useful summary of certain classes of facts of social importance, dealing with some classes, however, much better and more fully than with others; suffering here and there from inadequate explanation and emendation of the tables; but mainly unsatisfactory in the small account it takes of statistics illustrating social conditions in Scotland and Ireland. The statistics are graphically represented by numerous charts, which serve both to bring into prominence certain salient features and to reveal a correlation between one set of statistics and another. One may suggest that it is perhaps time that the statistical methods of correlation began to be used in official publications, thus permitting the degree of correlation to be mathematically expressed.

A. D. WEBB

Accounts and Statistical Returns rendered by Railway Companies.

Report of the Committee appointed by the Board of Trade.
(1909. Cd. 4697. Price 7d.)

IN considering this report it is important to bear in mind the terms of reference: "To consider and report what changes, if any, are desirable in the form and scope of the Accounts and Statistical Returns (Capital, Traffic, Receipts, and Expenditure) rendered by railway companies under the Railway Regulation Acts." The accounts and statistics have therefore primarily to be judged from the standpoint of the State controlling the great railway industry in the interests of the general public and the traders. The interest of the great body of railway shareholders cannot, of course, be ignored, but the State is not primarily concerned with seeing that the shareholders receive a reasonable return on their money. Their relation to the shareholders is rather negative. They must not make such regulations as will

render it impossible for the shareholders to receive a reasonable remuneration for their money and enterprise. If the accounts and statistics required by the State are identical with some of those required for the proper conduct of the railways, so much the better. Identity is, however, not essential.

The report is divided into four parts, three of which are unanimous. The fourth, which relates to passenger-mile and ton-mile statistics, did not obtain the signature of any of the three railway officials on the Committee, and is the subject of two minority reports.

In the unanimous parts of the report the principal recommendations are : Annual instead of half-yearly reports ; a uniform date for closing the financial year ; uniformity in dealing with the accounts of jointly owned lines ; the appointment of a standing committee to secure and maintain uniformity amongst the railways in their method of compiling the returns ; and the separation of the accounts and statistics of subsidiary businesses in such a way that an analysis of the actual railway working will be possible. It is especially noteworthy that the manufacturing and repairing side of the railway business has been recognised as not wholly railway business proper. Thus the capital invested in manufacturing works and plant is to be shown as a separate item, and under revenue expenditure the cost of complete renewals of rolling stock is to be shown separately. It is to be regretted that the accounts have not gone a little further here. There is considerable distrust of railways as manufacturers, and not a little feeling that they gain a doubtful advantage in so being. Very little further detail would have been needed to set all doubt at rest.

On the whole there is little exception to be taken to this portion of the report. The financial world may not wholly approve of the reports being made annual, but as long as no prohibition is put on half-yearly reports being published, there seems no good reason for the State insisting on their publication.

Turning to the statistical returns, a great amplification of and increase in the present wretchedly meagre returns are recommended. Locomotives and in fact all rolling stock are to be listed in classes in such a way that some idea can be obtained of the growth in size and capacity. For instance, open wagons are to be divided into four classes : (a) under 8 tons ; (b) 8 and up to 12 tons ; (c) over 12 and up to 20 tons ; (d) over 20 tons. It is, however, in the particulars relating to maintenance and renewal of way, works and rolling stock that the most valuable

additions are to be found. It is obviously important to the State that the railways should be maintained in a satisfactory condition. In the past, such a necessary figure as the number of miles of track renewed has been kept a strict secret, and a member of the staff, who revealed the figure, has been known to receive a reprimand. But not only is it recommended that this figure be given, but, further, the quantities of the principal materials used are likewise to be given, whilst the particulars of engine and train mileage are to be shown in greater detail.

Coming to the information relating to the traffic worked, little need be said in regard to passenger traffic. If passenger-mile figures are not made compulsory, the particulars indicated seem as many as can be expected. The majority report considers passenger-mile statistics not invaluable, and recommends them to the consideration of railway managers, but does not recommend their compulsory adoption. Much as the statistician and economist would like these figures, it must be admitted the case for their compilation is not very strong. Mr. R. L. Wedgwood in his article on "Statistics for Railway Costs"¹ has represented the case with great fairness. It must be admitted that it is exceedingly doubtful whether the variations in the prices and proportions of the different classes of passenger traffic would justify more than the occasional compilation of the figures.

In regard to goods traffic the position is different. The majority report takes up much the same attitude over ton-miles as it does over passenger-miles, only the opinion expressed of their value is somewhat higher. The group of reformers on the Committee append a short report pressing their compulsory adoption, and have drawn up a series of forms indicating the exact figures desired. The three railway representatives absolutely scout the idea that the figures would have any value in this country from the point of view of the railway manager, the shareholders, or the State. The result is that the schedule agreed on by all is of the most meagre description.

Leaving the question of ton-mileage for the moment, there seems no reason that the goods traffic table should not have been enlarged somewhat. Merchandise is all lumped in one figure. It would have been a great advantage had it been divided into, say, three groups. The first group should include only "carted" traffic. There is a fiction that the railway companies make no profit on the work of collection and delivery, on account of which the expenses of collection and delivery are deducted from

¹ See ECONOMIC JOURNAL, March, 1909.

the merchandise traffic receipts before arriving at the gross revenue. It is only a fiction, however, and it would be much better to have put this traffic in a group by itself. In the second group might be put all not carted traffic other than classes A and B, or perhaps A, B and C. Although not carted, the mass of this traffic is handled by the railway staff, and there are allowances made in the rates for this work. Finally, the lowest class of traffic—that included in the alphabetical classes—would form the third group, practically none of it being handled by the railway staff. Such a division would enable anyone to see roughly how the proportions of high-grade and low-grade traffic varied in years of trade prosperity and depression.

Turning to the question of ton mileage, we would refer to the very able article by Mr. R. L. Wedgwood, "Statistics of Railway Costs," quoted earlier. The theoretical case for ton-mileage statistics is there clearly set out, and it is needless to go over the ground here. From the points of view of the statistician and economist the figures are indispensable. From the point of view of the State these statistics seem equally necessary. Railway nationalisation is now admitted on all sides to be a problem which has to be considered seriously. The most serious difficulty in its discussion is the lack of data as to the work the railways are doing. What is the real tonnage of the traffic carried over the railways of this country? What are the receipts per ton? What is the average distance the traffic is conveyed, not only on each railway, but actually treating all the railways as one? Without a knowledge of these facts it is impossible to discuss railway nationalisation in a scientific manner. With this problem facing the State and the nation it is urgent that the utmost light should be thrown on the railway industry. Both opponents and advocates of nationalisation should welcome the figures as likely to clear away much of the vagueness which now exists in all these discussions. Doubtless many arguments on both sides would be shattered, but there would be an immense gain in concentration on the main points.

Practical evidence in support of this view can be found in the volumes of the evidence given before the Viceregal Commission on Irish Railways. Again and again witnesses attempted to show that rates in Ireland were higher than in England and Scotland. They used the only figures at present at their disposal, viz., receipts and tonnage of goods traffic. Each time one Commissioner or another had to point out that it would be equally reasonable to draw the conclusion that the distances, which traffic

was hauled,' were greater in Ireland than in Great Britain. In other words; the distance traffic was hauled was information absolutely essential to a proper consideration of the problems involved. The report will, however, have to be drawn up without it. In the same way the terminal expenses were frequently referred to showing the need for the subdivision of the traffic I have indicated above as desirable.

Finally, the question may be considered from the railway manager's standpoint. Are the figures of any practical use in the management of a railway? The three railway representatives answer this with a decided negative. Their principal reasons for doing so are the peculiar circumstances of English railways. Distances are short; terminal costs are high. The latter are more correctly measured by the tonnage conveyed than by the ton-mileage. Surely this is merely an argument for subdividing costs so that terminal costs are shown as a separate item. As regards receipts, such separation would be difficult except on artificial lines. The railways have, however, agreed to accept an arbitrary sum as representing terminal receipts in the division of through traffic by the Railway Clearing House. Presumably they find this arbitrary figure represents substantial justice. If this is so it might be used in this connection too. In any case, provided the tonnage was divided into the three groups advocated previously, there can be no question that the terminal receipts could be handled in a way which would eliminate almost entirely any error in the calculation of the receipt per ton-mile. The difficulties, then, in connection with the special circumstances of the British Isles are by no means insuperable.

When, however, this minority report refers to railways in other parts of the world, its statements are of more than doubtful accuracy. An authoritative denial has come from America of the statement that "a large number of leading railwaymen in the United States consider they are of no practical value." If the Special Commissioner (an ex-British railway manager) who was sent to South Africa to report on the railway administration reported against the adoption of ton-mile statistics, we have, on the other hand, the Cape Government Railways compiling them regularly and the manager of the Central South African Railways definitely stating that in his opinion they are most valuable. The statement as to the non-use of the figures by fully one-half the managers of Indian railways has been denied by Indian railway men.

Economists can only hope that the British railway managers

will make the experiment of calculating the figures and so practically testing their worth. The report estimates the cost in five years for all the railways would only amount to £175,000, not at all a large sum compared with the sums spent in locomotive or other experiments. The only English railway company which has resurrected these figures has found them valuable and the cost a mere fraction of the cost as estimated by other railways.

It is likely that the experiment would be less costly than anticipated, and that the statistics would be found to have a very different value to what they possessed when their compilation was discontinued more than half-a-century ago. Conditions have changed since those days. Competition is keener; the margin of profit is less. The need of science is felt increasingly as each year goes by, and our railways can no more afford to ignore this feature of modern industrial life than other great business organisations.

W. T. STEPHENSON

- Report of an Enquiry by the Board of Trade into the Earnings and Hours of Labour of Workpeople of the United Kingdom.*
 II.—*Clothing Trades in 1906.* (Cd. 4844.) 1909. Price 2s. 5d.

VOLUME I. of the Report of this inquiry covered the textile trades, and was reviewed in the June number of this JOURNAL (p. 328). The present volume relates to workpeople in the clothing trades; in dyeing and cleaning works (except dyeing of textile yarns and piece goods); and in laundries. From the 1901 census returns and from Home Office reports on factories and workshops it is estimated that over one and a half millions of persons, 70 per cent. of whom are females, are engaged in the trades dealt with in this report. A large proportion of these persons are home-workers, the numbers engaged in factories and workshops in which women and young persons are employed being estimated at about 800,000. The schedules of questions issued by the Board of Trade to employers had reference only to this latter class of persons, i.e., to those employed on the employer's premises, except that the total aggregate wages paid to outworkers in the last pay-week of each month was asked for. Thus with this exception, and so far as this report makes known, no information appears to have been collected respecting that large, important, and badly-known body of workers whose workshop is their own home. Even the one item that has been gathered concerning them—their aggregate weekly wages bill—

is not published in the present volume. The returns received by the Board of Trade relate to about 230,000 persons, or, excluding unpaid apprentices or learners and persons wholly or partially boarded and lodged, to about 124,000, or, say, 28 to 29 per cent. of the total number (800,000) employed on the employer's premises. It may be recalled that the textiles report covered nearly 44 per cent. of the total number of textile workers in factories and workshops. Considering the voluntary character of the census and the organisation of the trades, this percentage probably represents a better and more trustworthy sample than the 29 per cent. of the present report. The questions on the census schedules were the same as in the case of the textiles (see p. 329 of the June issue of this JOURNAL), with the addition of questions respecting lost time, overtime rates of pay, allowances, and deductions. The compilation and discussion of the returns also follow lines similar to those of the earlier report.

Both reports are of great value and interest in respect of the light they throw on the wages of women. The textiles report covered 513,000 workpeople, of whom 294,000, or 57 per cent., were females (including 68,000 girls under eighteen years of age). The present report covers 224,000 persons who received money wages only, of whom 162,000, or 72 per cent., are females (including 39,000 girls). Having regard only to full-time weekly earnings in the last pay-week of September, it was found that the average earnings of men in the textiles was 28s. 1d., only 35 per cent. earning more than 30s., while in the clothing, &c., trades the average was 30s. 2d., 45 per cent. earning more than 30s.—a comparison which appears and is in favour of the latter trades. The relative position as regards women's earnings appears, however, the reverse of this. In the textiles, these earnings for a full-time week averaged 15s. 5d., while 52 per cent. of the women earned less than 15s. In the clothing and allied trades, the average was 13s. 6d., while the percentage earning less than 15s. was as high as 67. These general averages, however, disguise some interesting facts. The highest average earnings of women—namely 19s. 10d.—in any one industry were not found in the textiles, but in the straw hat and bonnet industry, while the lowest average earnings—namely, 9s. 4d.—did not occur in the clothing trades, but in the hair industry. If, in fact, the cotton industry be excluded, the average earnings of women in the aggregate of the remaining textiles is slightly less than the average of all the clothing, &c., trades.

It is not possible to make detailed comparisons of annual earnings on these lines, since such earnings have been calculated only for all workpeople together, without distinction of age or sex. The calculations show that average annual earnings in the textiles range from £29 10s. (in the linen and small wares industries) to £54 10s. (in the lace and bleaching, &c., industries), the average for all the textiles being £43 10s. In the clothing, &c., trades the range is from £29 (in workshop laundries) to £58 10s. (in the fur trade), the average for all the trades being £27. The same degree of reliability cannot, however, be attached to the latter figures as to the former, since the assumption which is made in each case—namely, continuity of individual employment—is probably much more true of the textiles than of the clothing trades. On this account, it is unprofitable and certainly risky to attempt to estimate, from the data given, the annual earnings of men and women separately. No comparison is made in the Report with the results of the 1886 census, because the returns relating to the clothing trades in that year “were not sufficiently representative to warrant comparison.”

As regards weekly hours of labour in these trades, the numbers appear widely scattered over the range from 50 to 57. In the textiles, hours were found to be much more concentrated about the average number 55 to 55½.

It may be mentioned that both this Report and the earlier one contain a brief but useful bibliography of the principal wages statistics published by Government departments in the United Kingdom, British possessions, and foreign countries.

A. D. WEBB

Taxation of Land: Papers Bearing on Land Taxes and on Income-tax, etc., in Certain Foreign Countries, and on the Working of Taxation of Site Values in Certain Cities of the United States and in British Colonies. (Cd. 4750; Price 2s. 7d. Second Series, Cd. 4845; Price 8d.)

At the first glance these memoranda prepared for the Chancellor of the Exchequer appear almost bewildering in their variety, but that is chiefly due to lack of intelligence in arranging them. They may be classified as follows:—

- (1) Direct taxation in Germany and France;
- (2) Taxation, rating, and valuation of land in British Colonies;
- (3) Extracts relative to rating and valuation of land from

reports and evidence of Royal Commissions and Parliamentary Committees ;

(4) Taxation of land in certain Foreign Countries.

Under the first head an attempt has been made to show very briefly what direct taxes are paid by German and French subjects, and Sir Francis Oppenheimer contributes a most useful account of the State and Municipal Income-tax in Prussia.

Most of the material which falls under the second head appeared three years ago in a Blue Book on the *Working of the Taxation of the Unimproved Value of Land in New Zealand, New South Wales, and South Australia* (Cd. 3191), and was referred to by Prof. Cannan in this JOURNAL.¹ A judicious paper of later date on Queensland by a former mayor of Brisbane indicates some of the problems which arise when buildings are relieved from rates. In 1902 "the last shred of consideration as regards improvements as a factor in any valuation of rateable property for local government purposes" was swept away in Queensland. The principle had been gradually developed on the view that "a premium should be held out, or, at worst, no discouragement offered, to the improvement of the unexploited lands of a new country." But in Brisbane "services of a personal nature, such as sanitary services, are not rated upon the land," while a variety of functions such as poor-relief and education, which are often undertaken by local governments in other countries, are not a burden upon the local authorities there. Very suggestively we are told that when a proposal was brought forward to make the General Hospital a partial charge upon the rates in Brisbane, it was defeated largely because of the obvious unfairness of placing such a burden upon land alone ; and the opinion is expressed that "as taxes increase, and especially as fresh duties have to be undertaken, all the issues will be less simple. Other forms of property will be looked to for contribution as well as land," for there will be "brought into prominence the disproportion of the value of the property responsible for the rate in comparison with the total value of the property benefiting under the expenditure of the same." Mr. Pember Reeves gives a succinct history of the land taxes in New Zealand, and Mr. T. A. Coghlan adds three pages on those of New South Wales.

The third class, occupying over one-third of the volumes, consists for the most part of excerpts from the reports and evidence of the Housing Commission of 1884, the Local Taxation Com-

¹ Vol. XVII, p. 46.

mission of 1901, and the Select Committee on the Land Values Taxation (Scotland) Bill of 1906. As students of local finance are already familiar with these, and most of the schemes set forth therein for rating land values have been dealt with in the *ECONOMIC JOURNAL*¹ by Prof. Edgeworth, it is unnecessary to enlarge upon them here.

The fourth class, though occupying only a very small portion of the volumes, will probably be the least familiar and the most interesting to economists of the subjects treated in these memoranda. The section devoted to "Taxation of Land Values in Certain Cities of the United States" need not, however, detain us, for the title is ill-chosen. In New York, Boston, and a few other places, the valuations of site and building are separately made, but the taxation is levied upon the capital value of the composite whole, and not separately upon the site value. On the other hand, the clear and concise paper by Mr. Bernard Mallet on the taxation of increment value in certain German cities, with which the first volume opens, deserves the attention of all students of finance. The application of Mill's doctrine of the "peculiar taxation" of unearned increment in land values appears to have been successfully accomplished in Frankfort-on-Main since 1904, and is now being copied by other important municipalities. Doubtless it has also suggested the main lines of the increment tax in the Budget of Mr. Lloyd George. For over a century there has been an *ad valorem* tax on changes of ownership of real property irrespective of increase in value, and in Frankfort the increment tax (*wertzuwachs-steuer*) of 1904 is levied by additions to this when land changes hands by purchase or exchange, but not by inheritance; the sale price being normally taken as proof of value. This additional tax varies (i) according as the land is or is not built over, (ii) with reference to the period since the last sale, and (iii) with reference to the increment which has accrued.

Where built-on land has remained in the same hands for at least twenty years, the increment tax is based simply on the selling price of the land and buildings together, rising with the length of the period since the last sale. Unbuilt land which has not changed hands for twenty years pays on a similar but higher scale. The assumption is made in these cases that an increase of value has accrued, but if the owner can show that the present is not higher than the former purchase price when allowance is made for the cost of any building that has taken place, or

¹ Vols. X, p. 487, and XVI, p. 66.

that the difference between the prices is not more than the amount of the tax, this special taxation is not exigible. Where less than twenty years have elapsed since the previous change of ownership, the actual increase of value is ascertained, allowance being made for expenditure on buildings and improvements, legal costs and transfer taxes, and, in the case of unbuilt land which has not been used for agriculture or business, allowance is also made for interest. If the increase in value is less than 15 per cent. no tax is levied upon it, but in other cases from 2 to 25 per cent. of the increment is taken by the municipality according as the increase has been a small or a large percentage of the value.

It will be observed that this taxation is retrospective in effect, and depends for its possibility upon the existence of a very detailed system of land registration which is there possessed in the *Grundbuch*, supported by the imposition for a long period of the *ad valorem* tax on contracts of sale. The freehold system also prevails in Frankfort, so that there are none of the complications inevitable under leasehold. On the whole, therefore, the tax appears to have worked without friction, the cost of collection is low; and Mr. Mallet, considering that official opinion might be biased in its favour, did not discover among the independent citizens whom he consulted "any reprobation of it as socialistic or oppressive, or as having checked business transactions in real estate." Some difficulty has, however, been experienced through the formation of companies which own and transfer property without such a sale as would render the transactions liable to taxation. We gather that these companies operate by means of a transfer of shares, and not changes of ownership of particular pieces of land. Difficulties also arise when an estate is broken up and sold in lots, for in this case it would appear to be necessary to estimate the increment on each lot separately.¹ The yield of the increment tax in Frankfort, a town with a population of 335,000, was in 1906 £55,282, quite apart from the yield of the ordinary *ad valorem* tax on transfer; and it is noteworthy that much more than half this sum was levied on property which had been held for periods less than twenty years, and which had increased in value more than 15 per cent.

The example of Frankfort was followed by Cologne in 1905, where the scheme of the increment tax is simpler, being levied

¹ In the Dresden scheme of 1908 a very peculiar, if simple, method of dealing with this problem was adopted. The purchase price of each lot is taken to be its proportion of the purchase price of the whole, having regard only to the relative areas.

in all cases upon the increase in value since the previous change of ownership if such increase exceeds 10 per cent. With the object of placing the heaviest burden upon speculators who have made large profits in a very brief time, the rate of the tax varies from 5 to 25 per cent. on property which changes hands within five years; if between five and ten years have elapsed, the rate is two-thirds of this scale; and if over ten years, the rate is one-third. The allowances in addition to the former purchase price are very much the same as in Frankfort.

In Hamburg, in addition to the existing *ad valorem* tax on contracts for the sale of real property, the Income-Tax Law of 1903 had attempted to tap unearned increments by taxing as income the difference between the selling price and the purchase price of real property, expenditure on permanent improvements being added to the latter in making the calculation. This plan, however, proved to be defective because by Imperial law an income-tax must be assessed at the place where the liable person resides, and in Prussia such profits on sale were not counted as income. Farther, the income-tax is levied for any year on the basis of the income of the preceding year. Hence the geographical position of Hamburg made it very easy to evade this tax on profits of sale by removal to such a suburb as Altona, and it was found in practice that this frequently happened. An increment tax of the Frankfort type cannot, of course, be evaded by change of residence, and therefore last year Hamburg decided to adopt that model. Here, as in Cologne, the tax is in all cases levied on the increase in value, calculated in the manner formerly employed for the income-tax. If the increase does not exceed 2,000 marks, the tax is 1 per cent., rising to 5 per cent. when the increment is over 40,000 marks. If the increment exceeds 10 per cent. of the purchase price, an addition of from 10 to 100 per cent. is made to the rate of the tax. If the property has been less than ten years in the ownership of the vendor, the amount leviable is further increased by one-fourth; but if it has been over thirty years in the same hands, the amount leviable is diminished by one-fourth. The effect of these four rules is that increments are taxed when property changes hands to an extent varying between $\frac{2}{3}$ and $12\frac{1}{2}$ per cent. of the increase. In contrast to Frankfort and Cologne, the Hamburg plan touches even the smallest gains, and makes no allowance for interest in the case of land which has not been yielding an income. One would expect this to operate as a slight check upon supply by harassing enterprise.

Report on Changes in Rates of Wages and Hours of Labour in the United Kingdom in 1908. [Cd. 4713.] There was a decline of wages, a reduction of hours.

Census of Production. [Cd. 4896.] Preliminary figures relating to the output of mines and certain leading trades.

London County Council: London Statistics. Vol. XIX. 1908-9. This annual differs from its predecessors by the omission of some details and the addition of a section dealing with "Old-Age Pensions." The number of old-age pensions granted in the Administrative County of London up to June 30th, 1909, was 43,698; amounting to over £500,000 per annum, equivalent to an average rate of nearly 3d. There are forty-four other sections dealing with an immense variety of statistics.

Interstate Commerce Commission Special Report. Inter-corporate relations of railways in the United States is the subject of this first number. The large extent to which some railway companies have interest in and control over others is exhibited by tables and diagrams showing the par value of the total amount of securities which is held by the railways within each "system," and the par value of the amount of such securities which is held by the railways outside their own systems; with other relevant statistics.

Report of the Commissioner of Corporations on Transportation by Water in the United States. Part I.—"General Conditions of Transportation by Water." Part II.—"Water-borne Traffic."

Family Budgets in Germany. (Berlin: Heymann.) An official investigation showing the household expenditure of over five hundred workpeople with an annual income averaging over £91, and over three hundred persons of other classes with somewhat higher incomes.

Workmen's Compensation Statistics. [Cd. 4894.] The first of a new series.

OBITUARY.

* SIMON NEWCOMB.

PROFESSOR SIMON NEWCOMB was born March 12th, 1835, and died July 11th, 1909. He was Professor of Mathematics in the United States Navy and was retired with rank of Rear-Admiral. He was Overseer of Harvard University, Emeritus Professor of Mathematics and Astronomy in Johns Hopkins University, and Research Associate of the Carnegie Institution of Washington, as well as recipient of honours and degrees from universities and learned societies in some fourteen different countries.

In his death not only astronomy, but many other branches of knowledge, including economics, lost an able thinker and investigator. Prof. Newcomb was one of those rare men who can be at once versatile and profound. Universally acknowledged to be one of the greatest astronomers of his time, he was ranked by some as the greatest. His most important astronomical contributions related to Lunar Theory and to methods of determining numerically the fundamental constants of astronomy and the elements of planetary orbits. He also held a recognised position as physicist, mathematician, statistician, educator and writer on popular science, politics, fiction, and psychic phenomena. Under popular science would fall many of his contributions to economics, although his *Principles of Political Economy* contains original contributions, regarded by those best acquainted with them as of real importance.

Personally I would rank Prof. Newcomb high as an economist, and am glad to find that in this judgment President Hadley heartily concurs. Doubtless Prof. Newcomb leaves a large number of other admirers; yet it would seem that his economic writings did not attract the attention among economists which they deserved. One reason is that, when originally produced, they were not welcomed by economists in Newcomb's own university. Once a man's name becomes associated with a particular department of knowledge like astronomy, any attempts to contribute to other departments encounter a prejudice which it is difficult to overcome. Goethe's discovery of the inter-maxillary bone was scouted by contemporary anatomists, but was acknowledged with admiration by subsequent generations. I well remember hearing Newcomb's book ridiculed as "Astronomical Economics," but I do not know of anyone actually reading it without feeling profound respect and admiration. Moreover, the

clearness with which his views were expounded has made it a useful text-book, and one which elementary classes have found interesting as well as instructive.

Perhaps his chief and most fruitful contribution to economic science was the distinction he showed so clearly between a "fund" and a "flow," a "fund" relating to a point of time, and a "flow" relating to a period of time. This distinction he applied in particular to what he called "societary circulation," or the equation of exchange between money and goods. So far as I am aware, he was the first definitely to enunciate this equation, expressing the fact that quantity of money multiplied by its velocity of circulation is equal to price-level multiplied by volume of business transactions. This equation, with due amplifications, represents the so-called "quantity theory of money" in its highest form. He also employed this same distinction between a "fund" and a "flow" to expose the fallacy of "the wage-fund." It seems unbelievable, but it is unfortunately true, that many reputable writers in economics failed to discern the fact that the quotient from dividing a "fund" of capital by a number of labourers could no more give average wages than could the quotient from dividing the contents of a lake by the number of outlets give the average outflow through them. Many of us have found the same distinction between a "fund" and a "flow" to be exceedingly fruitful in the analysis of capital and income.

Prof. Newcomb's economic writings include many of a controversial nature. He took a vigorous part, for instance, in the discussion some years ago, as to the best standard of deferred payments, and, still earlier, in the question of labour and capital. He was an advocate in general of the "let alone" policy, though he distinguished it sharply from what he called the "keep out" policy. In other words, he believed in free economic activity of individuals, but did not advocate the exclusion of government from economic activity.

As to methodology, he believed that economics is a science, and consequently that the method to be followed by economic science should be the same as the method followed by science in general. He emphasised the fact that "A law of nature can only be expressed in the form of a conditional proposition. Its general form is: if a certain state of things be true, then a certain result will follow. Examples of such propositions are as follows: If you touch gunpowder with fire, then it will explode; if you leave a heavy body unsupported, then it will fall to the

ground; if you bring a large extra supply of goods to market, then the prices will fall."

In applying this idea, he pointed out the fallacy of judging the effect of a tariff by the subsequent rise or fall of prices. The imposition of the tariff, as he pointed out, will make prices higher than they *otherwise would be*, but not necessarily higher than they *had been*.

The bibliography of Prof. Newcomb's work includes nearly 500 titles, of which about thirty are on economics. Prof. R. C. Archibald, of Brown University, has prepared a bibliography from which the list below is quoted. To him, and to Prof. Newcomb's daughter, Mrs. McGee, I am indebted for the list as it stands.

Any sketch of Prof. Newcomb's work would not be complete without a mention of his unique personality. His massive head suggested at once the rugged intellect he possessed. His conversation on any subject in the domain of science, in its widest sense, never failed to impress his listeners with his mental alertness and wide grasp. The more difficult and baffling the subject, the more he seemed to delight to grapple with it. His strong and accurate memory made his wide and varied reading available in daily conversation. This went far to explain why his scientific acquaintance so often led to warm friendships. He could count friends in all parts of the world. These will miss his companionship even more than his contributions to science.

IRVING FISHER

Economic Writings of Simon Newcomb.

"A Critical Examination of our Financial Policy during the Southern Rebellion." Appleton & Co., New York, 1865. 222 pp.

"Our Financial Future," *North American Review*, 102, 100-35. January, 1866. (Anonymous.)

Carey's "Principles of Social Science," *North American Review*, 103, 578-80. October, 1866.

Peto's "Taxation," *North American Review*, 104, 255-61. January, 1867.

"The Let-Alone Principle," *North American Review*, 110, 1-33. January, 1870.

"The Labour Question," *North American Review*, 111, 122-5. July, 1870.

Baxter's "National Debts," *North American Review*, 114, 189-93. January, 1872.

Jevons's "Theory of Political Economy," *North American Review*, 114, 435-40. By "S. N." April, 1872.

"Life Insurance," *International Review*, 2, 353-70. May, 1875.

"The Method and Province of Political Economy," *North American Review*, 121, 241-70. October, 1875.

"The A. B. C. of Finance: or the Money Question Familiarly Explained to Every-day People in Nine Short and Easy Lessons," *Harper's Weekly*. Lessons

I-III, December 18, 1875; IV-V, December 25, 1875; VI-VII, January 1, 1876; VIII-IX, January 8, 1876; 19, 1018-19, 1042; 20, 10, 30-1. Published also, with additions, in *Harper's Half-Mour Series*, New York, 1877. 32mo. pp. 115.

"The Silver Conference and The Silver Question," *International Review*, 6, 309-33. March, 1879.

"The Standard of Value," *North American Review*, 129, 223-7. September, 1879.

"Our Political Dangers," *North American Review*, 130, 261-9. March, 1880.

"Principles of Taxation," *North American Review*, 131, 142-56. August, 1880.

"The Relation of Scientific Methods to Social Progress," Washington, D. C., 1880. 15 pp.

"Organisation of Labour," *Princeton Review*, 1880. V, 393-410; VI, 231-46.

"Two Schools of Political Economists," *Princeton Review*, Second Series. xiv, 291. November, 1884.

"Principles of Political Economy," *Harper's*, New York, 1885., xvi + 548 pp. "Contains much that is excellent and highly instructive. Many of its chapters are admirable for sound doctrine and clear incisive reasoning. In some respects, it will undoubtedly be found a valuable contribution to science."—*Nation*, xlii, 38. January 14, 1886.

A letter in reply to a criticism of the above by Prof. E. T. James, *Science*, VI, 495. December 4, 1885. (In the number following, Prof. James apologises for a part of his criticism.)

"A Plain Man's Talk on the Labour Question," *Harper's*, New York, 1886, pp. 195. Originally published in the *Independent*, 38. May 13 to September 9, 1896.

"Views of Economists on the Silver Problem," *Science*, VII, 265-6. March 19, 1886.

"Aspects of the Economic Discussion," *Science*, VII, 538-42. June 18, 1886. This article also appeared as Paper No. 5 in a little book entitled *Science Economic Discussion*, published by *Science*. New York, 1886. pp. 57-67.

"Mischievous Philanthropy," *Forum*, I, 348-57. 1886.

"Can Economists Agree upon the Basis of Their Teachings?" *Science*, VIII, 25-6. July 9, 1886.

"Soap-Bubbles in Socialism," *North American Review*, 150, 563-71. May, 1890.

"Science and Government," *North American Review*, 170, 666-78. May, 1900.

"The New School of Political Economists," *Nation*, 58, 27. July 9, 1891.

"The Problem of Economic Education," *Quarterly Journal of Economics*, VII, 375-99. July, 1893.

"The Standard Gold Dollar of the U.S. Has it Appreciated?" *Journal Political Economy*, I, 503. September, 1893.

"The Decline of Railroad Rates: Some of its Causes and Results," *Journal Political Economy*, I, 503-12.

"Ely on Political Economy," *Journal Political Economy*, III, 106. December, 1894.

"Economics as an Exact Science," *Science*, XXI, 447-9. March 24, 1905.

"The Cost of Life Insurance Business," *Nation*, 81, 67. July 6, 1905. (Anonymous.)

CITY NOTES.

We have received the following "City Notes" from "R. G." :—

Five Per Cent.—The event of the quarter has been the advance of the Bank rate from $2\frac{1}{2}$ to 5 per cent. This took place

by three steps early in October, so that the transition from low to high rates was somewhat sudden. The high rates, moreover, were well maintained all through November, and dear, or moderately dear, money seems not improbable for a little time. Whatever may be the explanation, it is an obvious remark that this renewal of tightness in the money market comes rather soon, according to former experience, after the period of cheapness following on the crisis of 1907 had set in. The dead level of stagnation and cheapness succeeding a crisis usually continues for some time, as was especially shown after 1866; nor is the first disturbance, when it does come, quite so considerable as the recent change has been.

The Cause of the Rise in Money.—The change would appear to be due mainly to the revival of business in many directions and in almost all the leading industrial countries simultaneously—the United States and Germany especially showing notable improvements, as well as England. The crisis of 1907 undoubtedly was mainly financial, and, as the event has shown, did not produce so extensive a stoppage of industry and commerce as many other panics have done. We had the good fortune also to escape a banking panic in England, which has often been the cause of industrial weakness in past times, although following on a crisis of mainly financial origin. People have thus been ready to begin again more quickly than is usually the case. It is unfortunately necessary to add that another cause of the dear money is not so satisfactory, viz., the political discredit caused by the advance of Socialism as a factor in English politics. This has been a real reason for the withdrawal of a good deal of money from England for investment in foreign countries—not altogether, as I understand, from the belief that any other foreign country is safer than England from Socialist manoeuvres, but on the principle of distributing risks. Socialism, it is argued, will not be uniform in its advances everywhere, and a vigilant investor will be able to guard against the worst evils. Time will show. At any rate, there is no doubt for the present as to the existence of a peculiar discredit which tends to aggravate the shortness of money in London due to more legitimate and satisfactory causes.

The Weakness in Consols.—This account of the money market may prepare the student for appreciating the continued weakness of Consols as mainly owing to causes apart from party discredit, which our politicians are so fond of alleging. Without asserting

that the weakness is not in any way due to party discredit, and especially to the Government Budget and the speeches by which it has been supported, as well as to the general policy of the Liberal Government, we may at least say that in the City political wrangling of this sort does not have much effect, and that the state of the money market and the general drift of opinion among investors—opinion slowly forming and changing—are likely to be more potent causes than the tirades of the moment in political newspapers. The issue of the General Election may have more obvious effects; but we should hardly look for these as resulting from mere political discussion, however animated or venomous. It is impossible to ignore altogether statements by City authorities in the House of Lords debate, especially by Lord Revelstoke as to the export of securities and money to foreign countries; but we doubt if the fall in Consols has yet gone beyond the point which may be fully accounted for by more ordinary and less sinister causes.

The Coming Election.—Meanwhile it must not be forgotten that the approach of a General Election is itself a reason for incipient stagnation in business. An election takes away many of the most active business men from their ordinary pursuits, and therefore, while an election is in progress, there is less business doing than there would otherwise be. Some new issues are apparently being made at once in order to anticipate the stagnation of the election itself, but with this exception the election is already causing some diminution in business.

R. G.

CURRENT TOPICS.

THE Trade Union Congress met in Ipswich during the week beginning September 6th. The two questions of most interest at the present time are its attitude towards Labour Exchanges and towards Unemployment Insurance. On both its verdict was favourable. The discussion on Labour Exchanges consisted of a series of approving speeches, with few dissentient notes. The resolution finally passed laid down three conditions: (1) The Boards of Administration were to consist of an equal number of representatives of trade unions and employers, with an impartial chairman appointed by the Board of Trade; (2) the exchanges should not be used to supply labour for a firm where there was

a dispute; (3) Adequate provision should be made for women workers. No resolution was passed upon the Government scheme of Unemployed Insurance. It was, however, approved in the report of the Parliamentary Committee, and this report was adopted by the Congress. The Congress took up a new topic in its debate upon Industrial Insurance. It passed a strong resolution asserting that serious illegal practices were connected with this form of insurance, condemning it as "gambling in human lives," and calling upon the Government to appoint a Royal Commission to inquire into the illegalities which were growing upon the system. The President, in the course of the discussion, stated that over 40 per cent. of the policies now held were illegal. The annual resolution in favour of compulsory arbitration was, as usual, lost by an overwhelming majority.

MR. W. H. BLVERIDGE has been appointed Director of Labour Exchanges under the Board of Trade.

THE passage of the Town Planning Act has called into existence a National Housing and Town Planning Campaign. The object of the campaign is to explain to councillors and electors their powers and duties under the new Act. A series of county conferences is to be held, pamphlets and books dealing with various points in housing administration will be published, and leaflets giving in simple language the powers and duties under the new Act will be widely distributed. A Cottage Exhibition will be held in Swansea in June of next year. An appeal for £5,000 is made for the purposes of the campaign. It is being organised by the National Housing Reform Council. The Secretary is Mr. Henry R. Aldridge, 18, Dulverton Road, Leicester.

THE portrait of Dr. (till lately Professor) Alfred Marshall, to which we referred in former numbers of the ECONOMIC JOURNAL (June and December, 1908), was given to Mrs. Marshall, with the expression of a hope that the portrait might ultimately find its way to St. John's College, Cambridge. It has now been presented to that College by Mrs. Marshall. We are asked by her to mention that there has been a permanent platinotype of the bust alone, of a convenient size—about 10 in. by 9 in.—which she prefers in some respects to the photogravure. Mr. Rothenstein, the painter of the portrait, thinks the platinotype remarkably successful. Mrs. Marshall will be glad to send a copy to

any subscribers to the portrait fund who may express to her a desire to have it. Her address is Balliol Croft, Cambridge.

M. YVES GUYOT, who has long been an active contributor to the *Journal des Economistes*, has now become its editor. He succeeds the distinguished veteran, M. G. de Molinari, who is retiring from active life in his ninety-first year, after having edited the organ of the French Economic Society for more than a quarter of a century, and after having for more than half a century adorned the French school of political economy. The change of editors will cause no change in the tenor which the *Journal* has maintained since its foundation—for almost three-quarters of a century. There will continue to be, we are assured, “opposition aux interventionnistes de tout genre.” What sort of “interventions” are to be resisted may be gathered from one of M. Molinari’s latest publications—one which shows no decline in mental vigour—“on the Causes of Decadence in Modern People” (*Journal des Economiste*, August, 1909). The final warnings of the veteran French economist may be deserving of attention in neighbouring countries, where the two causes of decadence which he points out are not commonly discerned together and by the same persons—on the one hand the danger of hampering industry by Protection, and on the other hand the danger of checking accumulation by taxation.

RECENT PERIODICALS AND NEW BOOKS

The Economic Review.

- OCTOBER. *Old Testament Economics.* REV. PROF. G. A. COOKE.
Labour Exchanges and Boy Labour. NORMAN CHAMBERLAIN.
 Boy and girl labour should be organised; but a special exchange system for the purpose is not advisable. *Income Tax Change.* J. C. STAMP. The gradual change of the Income Tax from its original temporary character has important consequences. *The Problem of Unskilled Labour.* W. M. LIGHTBODY. *The Religion of the Poor.* REV. H. ISELIN.

Journal of the Royal Statistical Society.

- SEPTEMBER. *Great Britain's Capital Investments in Other Lands.* PAISH. The annual income from foreign investments of almost £140,000,000 is ascribed to a capital of nearly £2,700,000,000. *Rupee Prices in India, 1870-1908.* F. J. ATKINSON. Various constructed index-numbers show a rise of Indian prices in recent years.
 The *Miscellanea* contains a note on the recent Congress of the International Statistical Institute at Paris signed "R. H. R."; a method of estimating the velocity of circulation of money by PROF. IRVING FISHER.

The Nineteenth Century.

- OCTOBER. *The Increment Tax.* ALFRED MOND, M.P. The tax flourished in France before James Mill; is accepted in Germany, where an Imperial tax on unearned increment will be introduced in 1912. The British scheme is superior to the German.
 NOVEMBER. *Phantom Millions.* W. H. MALLOCK. It is estimated that the annual increment in site value in the United Kingdom due to increase of population is £620,000, and that due to average increase in value per acre is £360,000; in all, less than £1,000,000. The increment could only be increased by making the population expend a larger percentage on ground rent.

The National Review.

- OCTOBER. *Protection, Free Trade, and Unemployment.* L. L. PRICE. A reply to Mr. Hobson's article in the August number.
 NOVEMBER. *Can Protection Cure Unemployment?* PROF. MARGOLIOUTH.

The Quarterly Review.

- OCTOBER. *The Nationalisation of British Railways.* E. CRAMMOND.

"Centralised private management," rather than public ownership is recommended.

The Edinburgh Review.

JANUARY, 1909. *The Finances of the German Empire.* A luminous exposition of facts and aspirations.

APRIL. *The Economics of Empire.*

OCTOBER. *The Revision of the United States Tariff.*

The Socialist Review.

NOVEMBER. *State Servants and the Recent French Strikes.* J. H. HARLEY. There are also articles by KEIR HARDIE and others of political interest.

The Sociological Review.

OCTOBER. *Woman's Industrial Career.* B. L. HUTCHINS. "The majority of young women cannot be supported at home, many cannot expect to marry . . . even for those who do marry, marriage is not for the majority a lifelong provision." "The feminists are apt to fall into the opposite error by treating women as units merely, and by failing to recognise the essentially episodic character of the average woman's work." *The Theory of Pauperism.* R. H. TAWNEY.

Clarke Market Review.

OCTOBER. GRAHAM WALLAS contributes some sprightly yet solid reflections on "ability to pay." How to collect taxes with a minimum loss of social efficiency is a psychological problem which recurs in the administration of public relief. The subject is (virtually) resumed by ROBERT JONES, who concludes: "to graduate gently, very gently at first, and so venture into the future with the theory of minimum sacrifice as a driving force and the national sense of equity as a brake."

Women's Industrial News.

OCTOBER. Against the presumption that outdoor relief to women depresses their earnings, the Council appeal to the report on the effect of outdoor relief appended to the Poor Law Commission: protesting against the interpretation of that evidence which is given in the Majority Report.

Journal of the Society for Checking the Abuses of Public Advertising.

The number of this occasional journal issued in September touches several points of economic interest, such as the taxation of advertisements, and the economic use and abuse of advertising.

The Quarterly Journal of Economics (Boston).

AUGUST.—*On the Returns of Productive Agents and the Productivity of Capital in Particular.* A. LANDRY. *Proportions of Factors, Advantage, and Size.* H. J. DAVENPORT. A study on laws of increasing and diminishing returns. *The Railway Situation in Italy.* F. TAJANI. *Railways in New Zealand.* J. E. LE ROSSIGNOL, W. D. STEWART.

Political Science Quarterly (New York).

SEPTEMBER. *The Wheat Situation in Washington.* A. BERGLUND. *Capital and Interest.* IRVING FISHER. Referring to PROF. VEBLEN'S criticism.

Annals of the American Academy (Philadelphia).

SEPTEMBER. This number deals with Chinese and Japanese in America.

The Yale Review (Newhaven).

NOVEMBER. *The Races of the Present and the Future.* W. G. SUMNER. "Notions about property, marriage, family inheritance, &c., change to suit facts and fancies about the struggle for existence." The writer thinks that in a few generations over-population will make the struggle more severe. *Financial Reform in Germany.* G. COHN. *Organisation among the Farmers of the United States.* J. L. COULTER. *Early Railroad Monopoly and Discrimination in Rhode Island, 1835-55.* J. K. TOWLES.

Journal des Economistes (Paris).

OCTOBER. *Comment on peut relever le taux des Salaires.* G. DE MOLINARI. *L'Etat Socialiste.* P. BONNAUD. *L'enquête sur la banque d'Allemagne.* A. RAFFALOVICH. A résumé of the discussion by the German Bank Commission on the increase of capital and of the uncovered note issue, on the gold reserve, and other subjects.

NOVEMBER. *La droit financier de la Chambre des lords.* UN LEGISTE. *La campagne contre les Sociétés de Crédit.* YVES GUYOT.

• • • *Revue d'Economie Politique* (Paris).

AUGUST-SEPTEMBER. *La cherté de l'argent en Allemagne.* B. MEHRENS. *La Maternité et l'évolution capitaliste* [continued]. J. ST. LEWINSKI. *Les Associations Agricoles en Portugal.* LUIZ DE CASTRO. *La question des villes.* J. W. PETAVEL.

OCTOBER. *L'infiltration des idées sociales dans la littérature économique Allemande.* EUGEN DE PHILIPPOVICH. *Le Protectionnisme rationnel et la réforme douanière en France.* PROF. F. SAUVAIRO JOURDAN. A reasoned estimate of the uses and abuses of Protection in France. *Sociologues et solidarité.* H. MAURIER.

Revue Économique Internationale (Brussels).

SEPTEMBER. *L'importance économique de la chasse en France.* MANNA LAIR. Shooting licences, taxes on horses and dogs, the supply of game to the market, the industries encouraged by sportsmen, are among the topics treated.

OCTOBER. The international campaign against unemployment is described and advocated by LOUIS VARLEZ. PROF. WILLIAM SCOTT discusses the finance of United States during the decade 1897-1907.

L'Économiste Français (Paris).

OCTOBER 16TH. Contains a copy of the letter to the *Figaro* in which M. LEROY BEAULIEU gives his opinion of the English Budget. He agrees with Lord Rosebery that the modern world has never witnessed proposals so predatory (*spoliatrices*). It is a return to the Mussulman régime, in which all property belongs to the Sovereign. The death duties of Sir William Harcourt were "excessive and scandalous"; Mr. Lloyd George's Budget exhibits the "virus of progression." Degressive, distinguished from progressive, taxation by imposing the normal (maximum) on the greater part of the taxable matter is preferable. Protection would be a less evil than this Socialist taxation.

Journal de la Statistique de Paris (Paris).

AUGUST. This number gives an account of the twelfth session of the International Institute of Statistics held in Paris July, 1909.

Jahrbücher für Nationalökonomie (Jena).

SEPTEMBER. *Die neueste Entwicklung des Arbeitsarbeitsvertrages in Deutschland.* H. KÖPPE.

OCTOBER. *Schleswig-Holstein in der deutschen Agrargeschichte.* RACHFAHL. *Rekrutenstatistik und Volksgesundheit.* A. FISCHER.

Finanz-Archiv (Stuttgart).

25ER JAHRGANG, 1908. PROFESSOR SCHANZ may be congratulated on his success in carrying on through a quarter of a century the arduous task of editing and keeping up to the highest standard of expert knowledge a periodical devoted to the very technical subject of public finance. During that time articles of the utmost value to the student of scientific finance have been brought together, and in particular technical points of fiscal administration, and very full collections of the laws on taxation, especially in the German States. From time to time the financial condition of the various countries receives due notice. Thus, in the present volume, the English Budget for 1908 is expounded; while Dr. Haensel supplies an elaborate study of the death duties. A particularly interesting article in this volume is the very severe criticism of the German system of Customs duties, by DR. MANICKE. Without accepting all his reasoning—*c.g.* his use of the balance of trade idea—it is evident that his case is a strong one. The comparison between the German and English systems is decidedly instructive.

26ER JAHRGANG, 1ER BAND. The most important article in this first part is that on "The Russian Budget," by Dr. Sodoffsky. Herr Schumann discusses the German Finance Law for 1908. (2er Band.) *Ueber die Finanzen von Byzanz.* PROF. A. ANDREADES. *Der Begriff der öffentlich rechtliche Gebühr.*

Giornale degli Economisti (Rome).

AUGUST. *Il Programma di Statistica agraria all'Istituto Internazionale di Agricoltura.* C. DRAGONI. *La legge sulle tabelle dei salari, Sicilia.* F. COLAJANNI. *L'imposta sul prodotto dei*

terreni e la piccola proprietà rurale in Italia. E. LOLINI. *Sulla distribuzione per salario dei minatori ai carbone nel Belgio.* (1896-90). P. MENGARINI.

SEPTEMBER. *Di alcuni fenomeni di dinamica economica.* M. PANTALEONI. Variations in the extent of the economic sphere, in the proportion of specific and general expenses, in the structure of population, and the form of decreasing cost curves are the principal topics. *I principii della teoria economica della moneta.* I. G. DE VECCHIO. *Sulla distribuzione per salario dei minatori di carbone del Belgio.* P. MENGARINI. *Dispersion, asymmetry*, and other statistical conceptions may have economic significance.

La Riforma Sociale (Turin).

SEPTEMBER-OCTOBER. Among the numerous subjects ably treated are the recent English Poor Law Commission, by G. PESTELLI; on the policy of Free Trade for England, by A. GANNO; on Italian railway finance, by PROF. FLORA (in reply to PROF. TREVISANON's article in the July number of *Giornale degli Economisti*).

NEW BOOKS.

ABRAM (A.). *Social England in the Fifteenth Century. A Study of the Effects of Economic Conditions.* London: Routledge. 1909. Pp. 243.

BASTIAT (F.). *Sophisms économiques.* Translated by P. J. Sterling under the title *Fallacies of Protection.* Introduction by H. H. Asquith. London: King. 1909. 1s.

BERNSTEIN (E.). *Evolutionary Socialism: A Criticism and Affirmation.* Translated by E. C. Harvey. (No. 7 of the Socialist Library.) London: King. 1909. Pp. 248. 1s. 6d.

BOARD OF AGRICULTURE AND FISHERIES. *Associations for the Creation of Small Holdings.* London: Government. 1909. Pp. 4. 1d. rec.

[This leaflet sets forth the rules and regulations adopted by the Board for the guidance of associations desirous of promoting the creation of small holdings in England and Wales, and points out the advantages to the Board, the associations and the tenant members.]

BUDGET LEAGUE. *The Budget, the Land, and the People. The new Land Value Taxes explained and illustrated.* With a Preface by the Right Hon. D. Lloyd George, M.P. London: Methuen. 1909. Pp. 92.

CADBURY (E.) and others. *Women's Work and Wages. A Phase of Life in an Industrial City.* London: Unwin. 1909. Pp. 368. 1s.

CLEVELAND (F. A.). *Chapters on Municipal Administration and Accounting.* London: Longmans. 1909. Pp. xvi + 361. 7s. 6d.

COOPER (SIR WILLIAM BAUNSWAY, C.I.E.). *Britain for the Briton. Co-operative Working of Agriculture and Other Industries a Necessity.* London: Smith Elder. Pp. xix + 390. 10s. 6d. net.

DAVIES (E.). *The Money and the Stock Share Market.* London: Pitman. 1909. Pp. 117. 1s.

DAVIES (F. M.). *Life in an English Village. An Economic and Historical Survey of the Parish of Corsley in Wiltshire.* London: Fisher Unwin. Pp. xiii+319. 10s. 6d. net.

DAWBARN (C. Y. C.). *Liberty and Progress.* London: Longmans. Pp. xvi+389.

DICKSEE (L. R.). *Book-keeping for Accountant Students.* 6th edition. London: Gee. 1909. Pp. 285. 10s. 6d.

DUNMORE (D. T.). *Ship Subsidies. An Economic Study of the Policy of Subsidising Merchant Marines.* London: Constable. Pp. 119. 4s. 6d. net.

EDWARDS (A. D.). *Children of the Poor.* London: Hammond. 1909. Pp. 74. 1s.

EKE (J. A.). *The Elements of Insurance. (Practical Primers of Business.)* London: Sir Isaac Pitman. Pp. 133. 1s. net.

GANDY (J. P.). *The Elements of Banking. (Practical Primers of Business.)* London: Sir Isaac Pitman. 1909. Pp. 182. 1s. 6d.

GROGAN (E. S.). *The Economic Calculus and its Application to Tariff.* Newcastle-under-Lyme: Bagguley. London: Simpkin, Marshall. Pp. 184. 1s. 6d. net.

HILLIER (A. P.). *The Commonwealth. A Study of the Federal System of Political Economy.* London: Longmans. 1909. Pp. 162.

[The "economic and Imperial advantages of the policy of Reference" are set forth.]

HUTCHINS (B. L.). *Working Women and the Poor Law. Women's Industrial Council.* 1909. Pp. 12.

LEAKE (B. D.). *Income Tax on Capital. A Plea for Reform in the Official Method of Computing Taxable Profits.* London: King. 1909. 1s.

LLOYD GEORGE (RIGHT HON. DAVID). *The People's Budget.* London: Hodder and Stoughton. 1909. Pp. 196.

[“This book,” says the Chancellor of the Exchequer, “consists of extracts from my House of Commons speeches explaining and defending the provisions of the Budget I introduced.”]

MACDONALD (J. RAMSAY). *Socialism and Government.* 2 vols. (The Socialist Library, VIII.) London: Independent Labour Party. 1909.

MARES (G. C.). *Systematic Business, or How to Make a Bad Business Good and a Good Business Better.* London: G. Pitman. Pp. 191. 1s. 6d. net.

MILL (JOHN STUART). *Principles of Political Economy.* Edited with an introduction by Prof. W. J. Ashley. London: Longmans. 1909. Pp. 1013.

[An appreciative introduction, editorial notes, indicating the changes which the text underwent in the author's hands, a bibliographical Appendix referring to earlier and later authorities, an index (compiled by Miss A. Ellis) enhance the value of Mill's classical work.]

• MOLESWORTH (SIR GUILFORD, K.C.I.E.). *Economic and Fiscal Facts and Fallacies.* London: Longmans. Pp. 292. 3s. 6d. net.

PALGRAVE (SIR R. H. INGLIS). *The Influence of the Taxation of Capital upon the Welfare of a Country.* Dublin: Hely. 1909. Pp. 29.

[A paper read before the inaugural meeting of the Institute of Bankers in Ireland, bringing learning and experience to bear against the Budget proposals: "I have had an experience of a good deal more than half a century, and I may truly say that I never remember a single recipient of a legacy propose to fill up the gap made by the tax on the family property.]

PEDDER (LT.-COLONEL D. C.). *Where Men Decay. Pictures of English Rural Conditions.* (Cheaper issue.) London: Field. Pp. 151. 1s. net.

SCHOLEFIELD (GUY H.). *New Zealand in Evolution. Industrial, Economic, and Political.* With an Introduction by the Hon. W. Pember Reeves, Director of the London School of Economics. London: Unwin. Pp. xxiv + 363. 10s. 6d. net.

SMITH (W. ROSE). *The Growth of Nations.* London: Sonnenschein. 1909. Pp. 301.

SOBBART (WERNEK), Professor of Political Economy at the Handelshochschule in Berlin, &c. *Socialism and the Social Movement.* (Translated from the sixth enlarged German edition, with Introduction and Notes, by M. Epstein.) London: Dent. Pp. 319. 3s. 6d. net.

[An English translation of the German edition reviewed in the *Economic Journal* of September, 1908, No. 71, vol. xviii. The translation is excellent, and the appearance of the book in English is the more welcome because of the space devoted by the author to showing the growing uniformity of English and Continental Socialism.]

STANNEIL (C. A.). *British Consols and French Rentes.* London: King. 1909. Pp. 24. 6d.

[British Consols can be made a popular investment by the method applied to the French Rentes.]

STODDART (JANE T.). *The New Socialism. An Impartial Inquiry.* London: Hodder and Stoughton. Pp. 271. 5s. net.

SPENCER (A. J.). *The Small Holdings and Allotments Act, 1908.* London: Stevens. 7s. 6d.

STRACHAN (W.). *The Key to Economy in Manufacture.* Third edition. (Amended and amplified.) London: Stevens and Haynes. Pp. 110. 4s. net.

THATCHER (J. WELLS). *Pitman's Questions and Answers in Commercial Law.* London: Sir Isaac Pitman. Pp. xiv + 106. 2s. 6d.

[Containing, with Answers, all the Questions set at the London Chamber of Commerce and Royal Society of Arts examinations, 1900-09.]

WILSON (A. J.). *An Empire in Pawn.* London: Unwin. 1909. Pp. 336. 10s. 6d.

[Lectures and essays on Indian, Colonial, and domestic finance, "preference," and free trade.]

ZARTMAN (LESTER W., PH.D.), Assistant Professor of Political Economy, Yale University. • *Yale Readings in Insurance. Life Insurance.* Pp. 405. *Fire Insurance.* Pp. 446. London: Frowde. 10s. each volume.

ZORN (J. C. L.). *The Incidence of the Income Tax.* [London: E. Wilson. 1909. Pp. 55. 6d.

BARNETT (GEORGE E.). *The Printers. A Study in American Trade Unionism.* Cambridge (Mass.): American Economic Association. 1909. Pp. 387.

[A complete description of an American Trade Union.]

DOCUMENTARY HISTORY OF AMERICAN INDUSTRIAL SOCIETY. 10 vols. Cleveland: Clark. \$50 net.

[Prepared under the auspices of the American Bureau of Industrial Research, with the Co-operation of the Carnegie Institution of Washington. The editors are John R. Commons, Ulrich B. Phillips, Eugen A. Gilmore, Helen L. Sumner, and John B. Andrews. Preface by Richard T. Ely, and introduction by John B. Clark.]

ENOCK (C. R.). *Mexico: Its Ancient and Modern Civilisation, History and Political Conditions, Topography and Natural Resources, Industries and General Development.* With an Introduction by Martin Hume. New York: Scribner. 1909. Pp. xxxiv + 362. \$3.

FILLEBROWN (C. B.). *The A B C of Taxation.* New York: Doubleday. 1909. Pp. 229.

[The President of the Single Tax League maintained that (1) ground rent is a social product, (2) a tax on economic rent cannot be shifted, (3) the selling value of land is an untaxed value. Object lessons are furnished by the values of sites in Boston.]

FRANK (J. R.). *Commentary on the Science of Organisation and Business Development.* Revised edition. Chicago: Bloch. 1909. \$3.

GEPHART (D. F.). *Transportation and Industrial Development in the Middle West.* (Columbia University Studies.) New York: Columbia University. 1909. Pp. 273.

JOHNSON (E. R.). *Elements of Transportation. A Brief Course in Steam Railroad, Electric Railway, and Ocean Inland Water Transportation.* New York: Appleton. 1909. \$1.50.

PLEHN (C. C.). *Introduction to Public Finance.* New edition, completely revised and enlarged. New York: Macmillan. 1909.

RAILWAY RATES. *Depreciated Currency and Diminished Railway Rates.* Philadelphia: Railway World. 1909. Pp. 127. Free. An inquiry.

[Concerning "the opinions of leading economists and publicists concerning the propriety of an adjustment of railway rates to the diminished value of the money in which they are paid."]

SCHENCK (C. A.). *Forest Finance: Guide to Lectures delivered at the Baltimore Forest School. Pisgah Forest, N.C.: Author.* 1909. Pp. 44. \$1.

THOMAS (A. M.). *Plain Economic Facts for All People.* New York: Cochrane. 1909. Pp. 398. \$3.

THOMPSON (J. G.). *The Rise and Decline of the Wheat-growing Industry in Wisconsin* (Bulletin of the University of Wisconsin, No. 292). Wisconsin: Madison. 1909. Pp. 250. 50c.

[The history of the wheat industry in Wisconsin from the middle of the last century to the present time.]

WICKELSHAM (G. W.), KELLOGG (F. B.), and others. *Brief of Facts, Argument, and Law for Petitioner in Case of U.S. v. Standard Oil Co., of N.J.* Washington: Attorney Général. 1909. Pp. 538 + 543 + 198.

[A brief of the government's case in the Circuit Court of the United States for the eastern division of the eastern judicial district of Missouri, seeking the dissolution of the Trust.]

DUBIET (FERNAUD). *L'Apprentissage et l'enseignement technique.* Paris (Prévoyance Ire Série): Giard. 1910. Pp. 506.

FOUILLÉE (A.). *Le socialisme et la sociologie réformiste.* Paris: Alcan. 1909. Pp. 419. 7.50 fr.

GUYOT (Y.). *Les intérêts économiques et l'œuvre socialiste.* Paris: Boustou. 1909. 1 fr. net.

LEROY (MAXIME). *Syndicats et services publics.* Paris: Colin. Pp. 324. 3 fr. 50.

[The connexion between "le mouvement syndical" and the strikes of public functionaries is exhibited.]

MAREZ (G. DES). *Le Compagnonage des Chapeliers Bruxellois.* Bruxelles: Lamertin. 1909. Pp. 112.

MAIRIVEX (L.). *De la question Sociale. Tome Premier Economie Politique.* Paris: Giard. 1909. Pp. 299.

RYAN (J. A.). *Salaire et droit à l'existence.* Traduit de l'Anglais par Lazare Collin. Avec une préface de Lucien Brocard (Professeur). Paris: Giard. 1910. Pp. 355.

SAINT LÉON (E. M.). *Cartels et Trusts.* Paris: Lecoffre. 1909. Pp. 266.

[A revised and augmented edition of a useful work.]

SCHÉALE (G.). *Turgot.* Paris: Alcan. 1909. 3.50 fr. net.

SERRIGNY (BERNARD). *Les conséquences économiques et sociales de la prochaine Guerre.* Avec une préface de Frédéric Passy. Paris: Giard. 1909. Pp. 478.

VERDIER (M. R. L.). *L'Année Sociale.* Paris: Larose et Tenin. 3.50 fr.

WALRAS (L.). *Économie et mécanique.* Lausanne: Imp. Réunies, S.A. 1909. Pp. 15.

ALEXANDER (O.). *Die Reaktion in der englischen Handelspolitik.* Berlin: Ebering. 1909. Pp. 81. 2.20 m.

BAVARIA. *Die eheliche u. uneheliche Fruchtbarkeit m. besond. Berücksicht. Bayerns. mit graph. Darstellgn.* (No. 71 of Beiträge zur Statistik des Königreichs Bayern.) München: Lindauer. 1909. Pp. 154. 4 m.

BÖHM-BAWERK (PROF. E. VON). *Kapital und Kapitalzins Zweite Abteilung: Positive Theorie des Kapitals.* Dritte Auflage. Erster Halbband. Innsbruck: Wagner. 1909. Pp. 171.

[The new edition has benefited by the author's later reflections and his candid attention to criticisms.]

BOLDT. Die Wertzuwachssteuer. Ihre bisher. Gestaltg. in der Praxis als Gemeindesteuer und ihre Bedeutg. als Reichssteuer unter Beteiligg. der Gemeinden. 3. erweit. Aufl. Dortmund: Crüwell. 1909. Pp. 196. 2 m.

BRENTANO (L.). Die Malthussche Lehre in die Bevölkerungsbewegung der letzten Dezenien. München: Franz's Verlag. 1909. Pp. 565-625 + 39. 3.60 m.

DEUTSCH (HELENE). Die Entwicklung der Seidenindustrie in Österreich, 1160-1840. Vienna: Konegen. 1909. Pp. 210.

HARMES (B.). Ferdinand Lassalle und seine Bedeutung für die deutsche Sozialdemokratie. Jena: Fischer. 1909. Pp. vii + 128. 1.50 m.

HECHT (OTTO). K.K. Spiegel fabrik zu Neuhaus in Niederösterreich, 1701-1844. Vienna: Konegen. 1909. Pp. 166.

[This volume is an outcome of Professor Karl Grünberg's Seminary, and forms one of the economic studies which he edits. A sub-title describes the work as "A Contribution to the History of Mercantilism."]

KOMORZYNSKI (J.). Die nationalökonomische Lehre vom Kredit. 2. Aufl. Innsbruck: Wagner. 1909. Pp. xxxix + 528. 8.86 m.

LEVY (DR. HERMANN). Monopole, Kartelle und Trusts in ihren Beziehungen zur Organisation der kapitalistischen Industrie. Jena: G. Fischer. 1909. Pp. 322.

LIEFMANN (PROF. D. D.). Beteiligungs- und Finanzierungsgesellschaften. Jena: G. Fischer. 1909. Pp. 495.

[A secondary title describes the work as a study on modern Capitalism and the use of Stocks and Shares—"das Effektenwesen."]

SOBA (DR. KICHIER). Geld und Wert. Tübingen: Mohr. 1909.

STEFFEN (DR. GUSTAF). Lebensbedingungen modernen Kultur. Jena: G. Fischer. 1909. Pp. 372.

STEINITZER (E.). Ökonomische Theorie der Aktiengesellschaft. Leipzig: Duncker. 1908. Pp. xvi + 192. 5 m.

WAGNER (A.). Theoretische Sozialökonomik od. allgemeine u. theoret. Volkswirtschaftslehre. Grundriss zunächst in prinzipieller Behandlungsweise. II. Abtlg. 2 Bde. (1. Bd.: Sozialökonomische Theorie des Kommunikations- u. Transportwesens. Zunächst in prinzipieller Behandlungsweise. Pp. viii + 110. 2. Bd.: Sozialökonomische Theorie des Geldes u. Geldwesens. Zunächst in prinzipieller Behandlungsweise, zugleich in genauer Ausführung. Pp. xxii + 111-799.) Leipzig: Winter. 1909. Pp. viii, xxii + 799. 14 m.

PANTALEONI (M.). Scritti varii di economia. Serie II. Palermo: Sandron. 1909. Pp. 471. 5 l.

LEONE (E.). La revisione del marxismo. Roma: Divenye Sociale. 1909.

D'AMBROSIO (M. A.). Passività economica. Primi principj di una Theorie sociologia della popolazione economicamente e passiva. Napoli: Piero. 1909.

LORIA (PROF. A.). Corso di Economia Politica redatto da G. C. Fenoglia. Torino: Bocca. 1909.

